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## Senior judges turn on Major

Anthony Bevins and Patricia Wynn Davies

A furious, behind-the-scenes row has broken out between some of Britain's senior judges and the Government over the "political" appointment of the Lord Chief Justice, Lord Bingham.

Michael Howard, the Home Secretary, made clear on the fringe of the Conservative conference in Bournemouth yesterday that there is no love lost between himself and the judges - who have repeatedly ruled against him on issues of judicial review.

But *The Independent* has been told that after Lord Taylor of Gossforth, Lord Bingham's predecessor, announced his decision to retire on grounds of ill-health in May, the Lord Chancellor, Lord Mackay of Clashfern, asked senior judges for their view on the succession.

In a canvass of 17 of the Lord Justices who sit in the Court of Appeal, 14 opted for Sir Christopher Rose, an experienced criminal judge, and two for Lord Woolf who took over as Master of Rolls when Lord Bingham was promoted. One was undecided.

That clear-cut majority verdict was then passed back to Lord Mackay.

But, according to senior judicial sources, when Lord Taylor subsequently met the Prime Minister, he was shocked to learn that Sir Thomas Bingham had been appointed - and that John Major said he had never been told of the views of the Lords Justices.

But the judges are stunned and shocked, and the decision to override their views - having asked for a canvass of views to be taken - has created such a row that the Lord Chancellor has been forced to enter into acrimonious correspondence in defence of his position.

The appointment of the Lord Chief Justice is technically made by the Queen on the recommendation of the Prime Minister, but after consulta-

tion with the Lord Chancellor. The appointment of Lord Bingham and Lord Woolf to the two top jobs in the professional judiciary in England and Wales were highly sensitive politically because of the judges' attacks on the Government's sentencing plans and attacks from Conservative MPs on judicial review decisions in the courts. There is said to have been an unspoken understanding that Mr Major would not seek to contradict Lord Mackay's advice.

Lord Mackay is said to believe that in Bingham and Lord Woolf, who is seeking to reform the civil law system, he has found the perfect reformist team that is prepared to challenge traditional orthodoxies and practices. Part of the judges' anger could be the fear that Lord Bingham will back the extension of rights of audience in the Crown Courts to lawyers employed by the Crown Prosecution Service, a development to which Lord Taylor was strongly opposed and would have vetoed.

But suggestions that Lord Bingham might give ministers less trouble than Lord Taylor are misplaced. He has strongly defended the judges' development of judicial review of official action, and was one of the first judges to call for incorporation of the European Convention of Human Rights into British law.

In his first press conference last Friday he showed himself clearly at odds with Mr Howard on a range of law and order issues.

The antipathy to the judges is so commonplace in the Tory ranks that when Mr Howard attended a right-wing Conservative Way Forward fringe meeting in Bournemouth yesterday, he was asked whether they should not be elected to the bench, as in the United States.

The Home Secretary said: "I think that would be a solution so far. I am not in favour of the election of judges. I don't think that's a precedent we should follow. No, I think we just have to be persistent."

Judges in profile, page 2

Swampy, 23, one of 20 protesters who are prepared to live almost permanently underground in Allercombe, Devon, in readiness for the bulldozers

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## Buried 50ft down in sodden red clay, Swampy plots Britain's biggest fight yet with the car

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## news

## Crashed RAF jet damaged by repairs

CHRISTIAN WOLMAR  
Transport Correspondent

The RAF jet which crashed last month into the sea within yards of holidaymakers on Blackpool beach had just been repaired after suffering damage under a controversial Ministry of Defence programme of contracting out maintenance work.

The £25m jet was on its first flight after a second refit by British Aerospace to repair the original work which damaged 16

of the planes at an estimated cost of £100m. The original work was carried out by a Dorset firm. Airwork Service, which has subsequently been taken over by Short Brothers and was suspended in 1993 after a technician discovered that the planes had been severely damaged during the repair.

The RAF Board of Inquiry is investigating the cause of the crash 10 days ago and the MoD yesterday stressed that there has been no suggestion so far that

it was connected to the previous problems.

Serious damage was caused by Airwork to the airframe and fuselage of the 16 Tornados including fastening holes that had been wrongly drilled or distorted, surfaces damaged and measures to repair cracks not taken.

RAF inspectors later concluded that the damage was so severe that the entire middle section of the planes had to be replaced.

A report by the Commons Defence Committee last November was highly critical of the MoD for its failure to spot the mistakes until most of the Airwork programme had been carried out. The MPs were also astonished that some of Airwork's bill had been paid before the quality of the work had been checked. An MoD spokesman last night that legal action by the ministry was still being pursued against Airwork's then parent company, Bricom, which is it-

self owned by a Swedish firm. Ironically, Airwork had originally won the contract by undercutting BAe which is now repairing the damage.

The MPs also questioned the MoD's policy of contracting out services and the way it was being carried out. The committee also found that while the MoD claimed £157m savings, the real figure was £57m.

The refit programme by BAe is halfway through and eight of the jets are now back in service.

The Tornado crash, in which the two-man crew ejected safely, was the latest in a series of accidents that have increased concerns about the aircraft's safety. It was the fifth Tornado fighter to be lost this year.

Two were destroyed in a mid-air collision at 14,000ft, minutes after taking off from their base at RAF Coningsby, Lincolnshire, in January, another crashed the following day and a fourth crashed in Germany in February.

## Bomb aftermath: Emergency talks to rescue peace process as Army investigates security lapse



Faces of violence: Members of the Continuity Army Council which originally claimed responsibility for the bombings

## IRA take blame for Lisburn blast

DAVID McKITTRICK  
Ireland Correspondent

The IRA last night admitted responsibility for the double bomb attack on the Army headquarters in Lisburn, Co Antrim.

A telephone caller using a recognised codeword told the Dublin newswire at RTE, the Irish Republic's broadcasting network, that two 800lb bombs had been planted and detonated at the army complex on Monday night by IRA volunteers.

The IRA statement claiming the attack said the target had been personnel connected with the barracks and said injuries to any civilians were regretted.

The admission came as the security services set up a high-

level police and army inquiry to establish exactly how republicans breached security to smuggle two large car bombs into what has always been regarded as one of Northern Ireland's most secure locations.

Eight people were seriously injured in the attack, one man critically. He suffered a fractured skull, burns to at least half his body and other injuries. Two men and a woman were yesterday described as seriously ill while the condition of four others was given as stable.

Political and clerical figures yesterday appealed to loyalists to confirm the IRA's claim of responsibility for the attack was last night being taken as confirmation that the IRA has

concluded substantive negotiations are not on offer from the Major government. The theory is that the republicans believe any moves to resuscitate the peace process will have to await the British general election.

Earlier yesterday a Dublin radio station received a telephone call from a man purporting to represent the "Continuity Army Council" who said that organisation carried out the attack.

The Continuity Army Council has been responsible for half a dozen bombings in the last few years, but although one of its bombs caused serious damage to a Permacore hotel in July most of its operations have ended in failure. Even before the confirmation, how-

ever, the general view in security force circles was that only the IRA was capable of carrying out Monday's attack.

The Northern Ireland Secretary, Sir Patrick Mayhew, cut short his visit to a Northern Ireland investment conference in Pittsburgh to return to Belfast for emergency talks with RUC Chief Constable Sir Hugh Annesley and the Army GOC, Lt-Col Rupert Smith. He admitted there had been a serious security breach but said there were no plans to bring in more troops in its wake.

The president of Sinn Féin, Gerry Adams, refused to speculate on who had carried out the attacks. This stance is in marked contrast to Sinn Féin's response to the Permacore hotel bombing, when the party quickly denied IRA involvement.

Declaring that he was ready for talks with the British government, Unionists and others, he added: "There has been a protracted political vacuum here. If we don't fill that vacuum with real talks then it will be filled with the sort of serious incidents we saw yesterday."

Denying that republicans were trying to spark off a loyalist backlash, Mr Adams said: "Provoking loyalists means the wholesale slaughter of Catholics. It means the killing of members of our party or family members of our activists. I don't think anyone would want to provoke that type of action."

David Ervine of the Progressive Unionist party, which has links with loyalist paramilitaries, appealed to the extreme Protestant groups not to be provoked.

## A terrible day, but calm routine for the doctors

DAVID McKITTRICK

On Monday evening, staff at Belfast's Royal Victoria Hospital reacted in a calm, orderly and methodical way when the ambulances brought in the injured from army headquarters.

They knew the drill, having coped with the human fall-out from the troubles for so many years.

Dr Lawrence Rocks, consultant in accident and emergency medicine, started work at the hospital in 1971, just as the large-scale killing was beginning in earnest. Over the years he has become accustomed to the sound of ambulances arriving carrying the dead, the dying and the grievously injured.

After one bombing, the ambulances delivered to his department five young women, all in their late teens or early twenties and all of whom had lost at least one limb. That was 24 years ago, he says he will never forget it. One who died, was a radiographer whose father was a senior doctor at the hospital.

Another, who survived, lost both legs, an arm and an eye. Yesterday, Dr Rocks described in clinical language the latest human cost of the trou-

bles, the conditions of those most badly hurt by the Lisburn bombs.

"One gentleman has a blast lung injury from being in the vicinity of an explosion," he said. "He has required ventilation overnight."

"One patient had a fracture of the thigh and shrapnel injuries to the abdomen. Another patient has had a shrapnel injury to the head, and the fourth patient has had very severe shrapnel injuries to body and limbs, a head injury and quite severe burns."

The Lisburn bombing will fade from the public memory as the months go by: in a few years, it will be just one more incident among a host of shootings, violent incidents which have killed 3,500 people and left tens of thousands injured.

But for some of those caught up in the blasts, the scars - psychological and physical - will never fully heal, in spite of all the expertise and care of the staff at the Royal Victoria and other hospitals. The Lisburn bombs have thus added a few more victims to the apparently unending litany of those who have suffered ruined bodies and ruined lives.



Talking back: Gerry Adams denied the IRA was seeking to provoke a backlash

Photograph: Peter Macdiarmid

## significant shorts

## Warning to prison governors

Richard Tilt, the director general of the Prison Service, yesterday gave a private warning to prison governors that the jail population will reach 68,000 by the end of the century.

The drastically revised figures were described last night by governors as "astounding". Some warned that they would not be able to cope with the increased numbers. The prison population is already at the record level of 57,000 and portable units are being introduced to cope with the extra inmates.

The revelation coincided with a robust law-and-order speech by Michael Howard, the Home Secretary, to the Tory party conference yesterday. *Ian Burrell*  
Conference, pages 6 and 7

## Demand for action on hedgerows

Conservationists will today demand that the Government brings in new regulations to protect the hedgerows of England and Wales, seven years after they were first promised.

The Council for the Protection of Rural England is sending the Department of the Environment 69 recent examples of where farmers and landowners have destroyed hedgerows.

The latest government figures for 1990-1993 show 10,000 miles of hedgerow being lost each year. The new rules would compel landowners to notify the local council several weeks before removing a hedge. The council would then have time to decide whether the hedge met criteria for being "important". *Nicholas Schoon*

## Britain is accused of callousness

The government was accused of a "heartless" disregard for the poor and the elderly by the European Commissioner in charge of social affairs at a meeting of Euro MPs in Brussels yesterday.

Padaig Flynn, of Ireland, condemned the Government's interference in spending plans for the less well-off, saying he was launching a "call to arms" to defend European Union spending programmes. Last month he lost the first round of a European court fight over handing out £12m in EU cash to deprived groups after Britain complained that they had not been approved by EU governments.

## Rag-trade raids yield £2m of fakes

Clothing with fake designer labels worth more than £2m was seized yesterday in what is believed to be the biggest ever haul in this country.

Police and trading standards officers from Havering Council raided homes and warehouses across Essex and east London in an attempt to smash the counterfeit clothing ring worth tens of thousands of pounds a month. Five men were arrested and were taken to Romford police station in Essex.

## Airport drugs cash charge

A man appeared in court yesterday accused of having £300,000 cash representing the proceeds of drugs trafficking last Sunday at Heathrow airport. John Gilligan, 44, of Blanchardstown, Dublin, was remanded in custody at Uxbridge magistrates' court, west London, until 16 October.

## Sun says video of Princess was a hoax

The video that was claimed to be of Diana, Princess of Wales, and James Hewitt frolicking at the Wales's home Highgrove was "one of the most elaborate hoaxes of the decade", the Sun newspaper said last night.

## Correction

A report published in *The Independent* yesterday suggested that Mohammed al Fayed claimed to have given Jonathan Aitken hospitality at the Ritz Hotel in Paris. This was incorrect. The controversy arising out of Mr Aitken's stay at the Ritz in 1993 has not involved any claim that he received hospitality from Mr Fayed. We apologise for any embarrassment caused by this error.

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Back issues of the Independent are available from Historic Newspapers, telephone 01293 840570.

## Two judges at centre of a dispute with ministers are profiled by Patricia Wynn Davies

## Genial with a popular touch

There is no doubt that Sir Christopher Rose, 59, was a popular choice to take over England's most senior judicial office. He had strong backing from High Court Queen's Bench division judges and the criminal Bar from the moment Lord Taylor's retirement was announced.

It is not difficult to see why. Of a relatively small number of judges who had been in the Court of Appeal long enough to be candidates for the top job, he had obvious credentials - extensive criminal justice experience and chairman of the Criminal Justice Consultative Committee. Many barristers and judges thought the appointment would be the logical step.

Like Lord Taylor, he hails from the North and had been

to a grammar school, followed by Leeds and Oxford Universities and the Northern Circuit. He was also a strenuous defender of the independence of the judiciary could be confrontational when the occasion demanded. When Michael Howard's sentencing White Paper was announced, he was one of the most outspoken critics.

His glowing reputation was dented, however, by what some saw as a touch of complacency at the Bar Council's recent annual conference, during a discussion on whether the Bar should be a hostile environment to women. On the contrary, he replied, there were one or two examples where women had been appointed when, if they had been men of comparable ability, they would not have been.



Sir Christopher Rose (above) and Lord Bingham



## Man of contrasts shuns the limelight

The appointment of Lord Bingham, 62, as Lord Chief Justice came as a surprise to many barristers and judges because they had never viewed him as a natural candidate. Most of his legal career had been spent in civil work, they said.

A lifetime in the criminal courts is not, however, the sole or even a necessary qualification. In fact, the job involves a lot more than hearing criminal appeals. As one of the country's best brains, he was viewed by the Lord Chancellor, Lord Mackay, as easily clever enough to handle any eventualities. Observers are hard-pressed to think of when he has put a foot seriously wrong, but he is viewed as not-quite-so "climbable" as his predecessor Lord Taylor or indeed Lord Justice

Rose. He caused resentment at the Bar in 1991 when as Court of Appeal judge he suggested solicitors should apply to the higher courts thus breaking the barristers' monopoly.

A man of contrasts, prefers to shun the limelight was one of the first judges to agree to media interviews. In his first news conference last day he revealed strong opposition to Michael Howard's sentencing plans, though in blunt language than Lord Taylor had used. He also revealed that he did not see eye to eye with Mr Howard on a number of other controversial topics such as the abolition of a mandatory life sentence for murder and the Home Secretary's power to set "tariffs" to decide on release.

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# BBC pay author over stolen plot line

STEVE BOGGAN

The BBC has paid compensation to an author who claimed the Corporation had plagiarised his book in an episode of the successful drama series *Between the Lines*. Lawyers for the BBC filed no court defence after being issued with a writ by Tony Collins, whose book, *Open Verdict*, chronicled 25 mysterious deaths among scientists in the defence research industry.



Tony Collins: efforts to prove plagiarism paid off

Mr Collins, who is understood to have received five-figure costs and damages, sent a dramatisation of his book to the BBC's head of drama in 1992. He says he received no reply but was astonished, two years later, when a *Between the Lines* episode, starring Neil Pearson

almost nine pages of similar detail to his solicitors, Mishcon de Reya, who issued a writ alleging breach of copyright. The BBC settled without defending the action and promised to credit Mr Collins in repeats and sales of the series abroad. The series was produced in association with World Productions Ltd, which was not involved in the litigation.

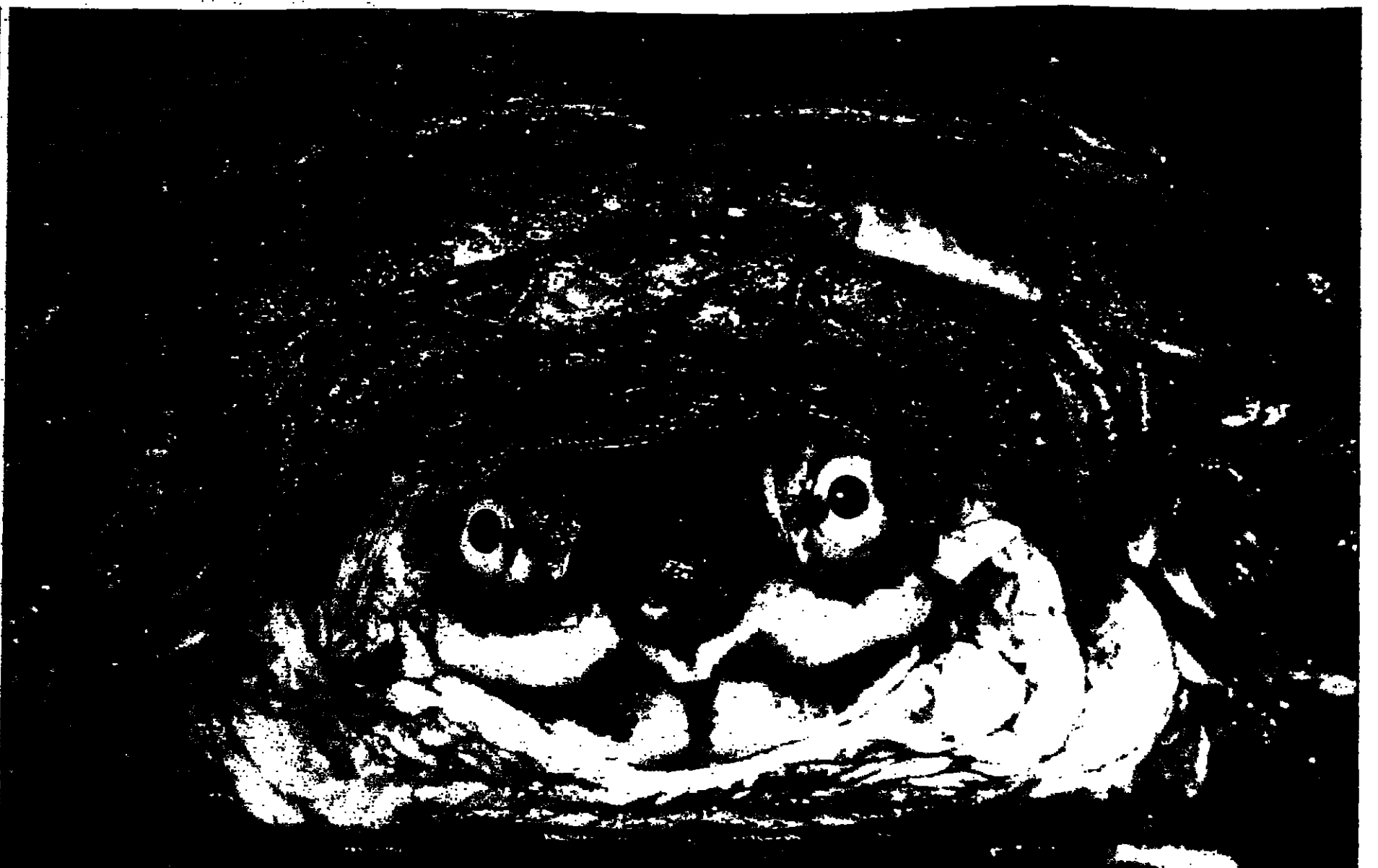
Among the similarities, Mr Collins's book opened with the strange death of a Pakistani computer engineer - as did the programme. He showed how there was, unusually, a second post-mortem examination which found a puncture on the engineer's thigh, possibly caused by a hypodermic syringe - so did the programme. The book showed that the families of the dead men rejected official claims that they had been depressed and that many of them were about to leave their posts - so creating a potential security risk for the state if they left with knowledge of certain electronic guidance systems - as did the programme.

Some of the families asked the author to investigate the deaths. But despite amassing evidence of the involvement of MI5 and of a number of serious discrepancies in the official version about how many men had died, Mr Collins thought there was not enough evidence to prove involvement by the state. In the programme, the families asked a journalist to investigate - who reached the same conclusions as Mr Collins.

and entitled *The Lone Soldier*, appeared with remarkable similarities to his work. "I kept getting phone calls from friends and family who had seen it and wanted to congratulate me on getting it on television," he said. "I had to tell them I hadn't been involved."

Mr Collins, 41, executive editor of *Computer Weekly*, broke the story of the mysterious deaths of six Marconi scientists in 1987. After the story spread through the media, he went on to list a further 19 strange deaths and "suicides".

The BBC programme was a fictional account of the same subject but, in an early rejection of his claim, the Corporation pointed out that the deaths had been extensively covered and were in the public domain. However, Mr Collins submitted



Beauty of the beast: Yellow mud turtle photographed by Wendy Shattil and Bob Rozinski of the US, highly commended in 1996 British Gas Wildlife Photographer of the Year competition, which attracted 16,000 entries. Photograph: British Gas Wildlife Photographer of the Year Competition organised by BBC Wildlife Magazine and Natural History Museum, London

## Lingua Latina est bona, o infantes\*

\*Translated, that means Latin is good for you, kids

JUDITH JUDD  
Education Editor

*Echinus cantat* (the hedgehog sings), *balaena natat* (the whale swims), *vacca super lunam saltat* (the cow jumps over the moon) and seven-year-olds learn Latin. Yesterday eight-year-olds from St Albans Primary School, Herts, who have been studying Latin for a year, were put through their classical paces for a conference of language experts in London.



Early learning: Children from St Albans Primary School being put through their paces

Photograph: Edward Webb

Miss Cross asked, "Because you have to be a girl to call yourself *parva*," said a girl. Thomas Beckett, one of the group, said Latin was his

favourite lesson. "You don't have to write a lot. You can draw a picture and write a bit under it," Naomi Rowe added. "Sometimes it's difficult but

it's fun when Miss Cross comes in. We play games and things." Miss Cross, who has just become deputy head of a primary school in Cornwall, teaches

mainly through games and stories. "Latin helps them not to be daunted by long words and to be brave about words they don't understand," she ex-

plained. Morcen Healy, the head of St Albans, said children of all abilities had responded to the Latin lessons with delight. "It has a great spin-off in their English. Some of the children who were really struggling with English have had their interest aroused. The problem is resources."

Latin at St Albans has stopped since Miss Cross's departure.

The conference, organised by the School Curriculum and Assessment Authority, is discussing whether primary-school children should learn modern languages. Lobbyists for Latin argue that early knowledge of the language provides a foundation for many other languages and improves children's grasp of English grammar and vocabulary.

Latin has been declining in schools for more than 30 years. This year there were 12,174 candidates for Latin GCSE, compared to more than 41,000 in 1970. Around 85 per cent of candidates at both GCSE and A-level are in independent schools.

Classicists argue that the decline began in 1960, when Oxbridge dropped Latin as a requirement for all entrants. Other universities also abandoned it as a requirement for those wanting to read English or modern languages.

The national curriculum, introduced in 1988, did not make Latin compulsory.

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**STEPHEN GOODWIN**

Mr Hogg announced £29m in support for the income of beef farmers. This will probably be a headage payment to offset the 25 per cent drop in beef prices since 20 March when the Government admitted a possible link between "mad cow disease" and its human equivalent, Creutzfeldt-Jakob Disease.

Beef farmers, who made up most of yesterday's protesters, feel they have been left to swing in the wind while most of the £2.5bn of BSE crisis support has gone to the dairy sector. An earlier modest headage payment expired in June.

Mr Hogg said a further £16.6m will be spent on speeding up the slaughter of older cattle under the Over Thirty Months Scheme. The money will go on hiring cold storage for carcasses awaiting destruction.

Ministers claim the move will double the throughput at slaughterhouses from the current 23,000 a week to 50,000, but farmers questioned whether hiring refrigerated lorries – the likely option – will make much impact on a backlog of 400,000 animals.

In a strong hint of yet more

subsidy. Mr Hogg said EU agriculture ministers were looking at measures to help farmers this autumn. "Should the council fall short of what I judge to be necessary for our industry, there can assure you I shall be prepared to look for additional national support as circumstances may warrant," he said.

Farmers' leaders gave them a qualified welcome. Ewen Cameron, President of the Country Landowners' Association said the priority was to get a tighter grip on the 30-month cull and to secure European aid for beef producers "who are staring into a black hole".

Farmers had come from most parts of Britain to demonstrate, with a strong contingent from the South-West. A convoy of 14 tractors was stopped by police at Blandford Forum, about 10 miles from Bournemouth, and the protesters were bussed in by the police. Brandishing banners proclaiming, "You bastards have slaughtered our economy", "Flog Hogg", and "Hogg should have his brain tissue analysed", they rattled the steel barriers and chanted, but the demonstration was non-violent.

ent's latest offer of £25.5m to beef and dairy farmers as "too little, too late"

**NOT FARM HIS AF YOU**

**YES it's HURTING NO it's NOT WORKING**

**BEEF BAN LIFTED NOW**

**HOGG SHOULD HAVE BRAIN TISSUE ANALYSED**

**NO MORE PURAL CONOMY AT YOUR PERIL**

**T's**

**Baying crowd:** UK farmers converged on the Tory Party conference yesterday demanding more support for their plight Photograph: David Ross

**STEPHEN GOODWIN**

Will Forrester boarded a bus in Telford at 3.30am to travel to the planned demonstration at the Turf conference. Not much, apart from helping a calf into the world, would normally get him up in the middle of the night. And like most of the 50 Shropshire farmers on the coach, volatile public protest is not in his character.

Mr Forrester, 33, farms 220 acres near Whitchurch. Acquired by his father, a former farm labourer, it is a family concern employing one man and concentrating on beef and sheep.

"March 20 was a big shock to us all," he said yesterday, recalling the impact of the ministerial statement which spawned the crisis. "We didn't quite know what was happening. Every time these BSE scare stories had come along in the past there had been a drop in the beef price but it was temporary. This time it was hard to see how it would recover." It hasn't.

Mr Forrester usually has about 200 cattle on the farm at one time - a small herd of 25 suckler cows, their calves and other bought-in beef animals being fattened up on cereal mixes under cover.

"We didn't rush to sell any

**A despairing farmer says some people are now resorting to bribery**

but took seven or eight to the auctions at Market Drayton in May." They sold for between £120 and £200 a head less than a year earlier and less than it had cost to rear and feed them. Mr Forrester's reaction, in a word, was "sick".

Like most farmers, he also

has complaints about the slaughter scheme for animals more than 30 months old. Of the eight he has registered for the cull, only one has gone to the abattoir. "You can get rid of them if you're prepared to pay people back-handers - even amounts to abattoir agents - but we're stuck with them."

Doubtful of ministers' claim that the backing will be done by Christmas, he faces the prospect of feeding and housing non-productive cows into the winter as well being animals to be sold at a loss.

Even if he gets an old suckler cow into the cull, the compensation will be some £40 down on the auction price he would have got a year ago for a 1,000lb animal.

Then a week ago Douglas Hogg added insult to injury for Mr Forrester by announcing a 10 per cent cut in the compensation amounts for cull cattle. Effective from 14 October, the change applies to cattle in the backlog, many of which have been listed for slaughter for months.

"I'll have the sheep and think 'I'll survive'," Mr Forrester said as the farmers started to drift back to their huses. Except for the depression of market days, he still derives a deep satisfaction from the job and will not quit.

## Doctor breaks ranks over IVF-baby risks

**LYNN EATON**  
and **LIZ HUNT**

Some fertility clinics are risking multiple births and long-term health problems for children born as a result of treatment in an attempt to boost their "take-home-baby" rates, a leading doctor is warning.

Dr Brian Lieberman, a member of the Human Fertilisation and Embryology Authority (HFEA), has broken ranks with colleagues to criticise many clinics with high birth rates which are routinely transferring three embryos into the womb after fertilisation. No clinic is allowed to transfer more than three embryos but he says the chances of success are just as high with two, and there is less risk of disability.

The chance of a baby conceived through *in vitro* fertilisation (IVF) dying within a month of birth rises dramatically with multiple births, from 1.4 per cent with one baby, to 5.9 per cent in twins, and 9 per cent in triplets. There is also a higher risk of disability; studies show cerebral palsy occurs in 17.4 per 1,000 triplets, compared with 2 per 1,000 single babies.

Dr Lieberman, who is director of the fertility unit at St Mary's Hospital in Manchester, points out that the national live birth rate from a woman who has two embryos replaced after IVF is 20.6 per cent com-

women to 20.9 per cent for a pair who have had three embryos. "Some [clinics] put back three to just maintain their high pregnancy rate," he said. "They are not taking the welfare of the children into account."

Dr Lieberman has also attacked the HFEA's *Patient's Guide to DI* (Donor Insemination) and *IVF* (Cloning) clinics, which details the success rates of more than 100 clinics licensed by the authority.

The main figure cited is the adjusted live-birth rate – the number of births (rather than number of babies) for every hundred treatment cycles undertaken. But the figure is misleading because it gives no indication of the number of multiple births. Dr Lieberman said, while the emphasis on "live births" regardless of the child's health is alarming.

He added: "One is concerned not just with adjusted live-birth rates but with live, healthy non-handicapped babies." "I'm concerned about triple pregnancies. The higher the rate of triple births, the higher your chances of having handicapped children."

The guide is being used as a "league table" of the top fertility clinics in the country but this is misleading because it does not compare like with like. Dr Lieberman said.

Nurture (Nottingham University Research and Treatment)

ment Unit in Reproduction) has the highest rate of live births of any clinic (73.7 per cent) and has used this figure in mail shots to health authorities promoting their services. However, this unit has a high multiple-birth rate which is not referred to; of 157 births surveyed in the last year, 43 were twins and six were triplets, accounting for nearly a third of all the IVF pregnancies achieved.

But Dr Simon Thornton, the medical director of Nufford, dismissed Dr Lieberman's criticisms, and insisted that multiple triplets were born healthy, "Worry to extraordinary lengths to consider the welfare of the children. If you put back three you are only increasing the risk of triplet pregnancies. You increase your overall success rate by 6 to 7 per cent, but the down side is a 1 per cent risk of triplets. The risk [women] are counselling about. They are also told that selective reduction, aborting one foetus - is available."

A spokesman for the HFEA declined to comment on Dr Lieberman's criticisms but said there was a growing trend to transfer two rather than three embryos into the woman, particularly if the woman is young. "It is a clinical decision for the doctor to make after taking into account the prognosis of the patient," she said, "and are not likely to dictate on clinical grounds."

[illegible]

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# I'm sorry for the sadness and pain, says the runaway bishop

LOUISE JURY

The disgraced former Bishop of Argyll yesterday apologised for the distress caused when he ran off with Kathleen Macphee, a divorcee, but said he was in love and intended to marry her.

Speaking in the garden of their new home in Kendal, Cumbria, Roderick Wright said he and Mrs Macphee were sorry for the suffering caused both to their families and to the church in Scotland.

But he pleaded for them to be left in peace while they proceeded with their lives, and their faith, "as best we can".

Bishop Wright, 56, ran off a month ago with Mrs Macphee, who is 15 years his junior and who has three children.

It then emerged he had also fathered a son, now 15, by another woman. After some time in hiding, he contacted the Church of Scotland to quit his post and the couple sold their home in Argyll.

At the press conference yesterday, Bishop Wright said the couple had decided to speak publicly out of concern for the intrusion into the lives of their neighbours by waiting press. Since returning to their home a few days ago, Bishop Wright and Mrs Macphee said, they had been sitting in darkness in order not to alert the reporters and photographers outside.

Speaking from a prepared statement, Bishop Wright said: "We wish to apologise, especially to our families who have suffered so much, not only because of the manner of our leaving but because of the intense pressure placed upon them by

the media. We also wish to apologise to the Catholic church, in Scotland in particular, and especially to the priests and people of Argyll and the Isles. Our message to them is heartfelt sorrow for the sadness and pain caused. Neither of us wished to cause such pain."

Bishop Wright said he and Mrs Macphee had both grown stronger through the trauma of recent weeks.

"We are in love and intend to marry," he said. "But at this moment we are living from day to day and we do not know yet when that will be."

Although their relationship was not sexual at the time when they ran off together, the couple confirmed yesterday that they have now become lovers.

Following reports of unhappiness among Mrs Macphee's children at the relationship, Bishop Wright said they were "fully supportive" of her.

And in response to questions about his and Mrs Macphee's attitude towards the Catholic church, he said: "We are both Catholics and intend living our faith as best we can. My active role as a priest can no longer continue, and that part of life I miss. We both accept the church's law and have no criticism to make."

Fr Tom Connelly, a spokesman for the Catholic church in Scotland, said it had "absolutely nothing to say about the situation regarding the former Bishop Wright, since he has not been in contact with this office". The church was not in the habit of discussing another person's business through the media, Fr Connelly added.



Pledged to each other: Roderick Wright and Kathleen Macphee in the garden of their home in Kendal yesterday

Photograph: PA

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# Asylum seekers win basic support

PATRICIA WYNN DAVIES  
Legal Affairs Editor

The Government's drive to restrict state help for asylum seekers has been thrown into fresh disarray yesterday after a judge ruled that local councils must provide "the basic necessities of life" for destitute claimants awaiting decisions on refugee status.

Under social security regulations in force since February applicants have been denied income support if they fail to claim asylum at their port of entry. But in a High Court judicial review involving four test cases against three London authorities, Mr Justice Collins said the council had a duty under the 1948 National Assistance Act to help applicants if they had no other means of support and were therefore in need of "care and attention". Parliament had not intended to overrule the 1948 Act's provisions, preventing access to all possible sources of assistance, when it passed the 1996 Asylum and Immigration Act, he declared.

"I find it impossible to believe that Parliament intended that an asylum seeker, who was lawfully here and who could not be lawfully removed from the country, should be left destitute, starving and at risk of grave illness and even death because he could find no one to provide him with the bare necessities of life," Mr Justice Collins said.

The ruling, the third defeat for the Government on the issue of support for asylum seekers in three and a half months, produced an angry reaction against the Government from one of the councils, Labour-controlled Hammersmith and Fulham.

Andrew Slaughter, council leader, said: "We have no wish to see asylum seekers sleeping

on the streets, but we now face enormous extra costs, probably several millions a year, which we can't meet. The Government's ill-considered legislation deserves to be defeated."

The four who brought the case, from Iraq, Romania, Algeria and China, said they faced the dilemma of a life of destitution on the streets of London for possibly up to two or three years while their applications for refugee status were processed - or be forced to return to countries where they feared persecution, torture or death.

X, from China, had given a "haunting account" of lengthy confinement in labour camps and torture, the judge said. He was so traumatised that he was too scared to make himself known to the British authorities, and did not make his asylum claim until a nearly a month after arrival.

The Refugee Council, which backed yesterday's case, estimates that there may be up to 10,000 asylum applicants who have no access to benefits under the regulations. More than 500 without any support have approached the council for assistance since the end of July when the Act came into force.

Hammersmith and Fulham and the other two councils, Tory Westminster and Labour Lambeth, are expected to appeal.



## news

## CONSERVATIVES IN BOURNEMOUTH

## Howard pledges tough line on drugs

JOHN RENTOUL  
Political Correspondent

Michael Howard, the Home Secretary, yesterday brought the Conservative conference to its feet for the longest standing ovation of the day with a speech pledging new measures against drug dealers and stalkers, and cleverly finished off with a Euro-sceptical rallying call. Compared to the red meat of

law-and-order debates past, it was a restrained affair but Mr Howard's new announcements of a crackdown on dance clubs suspected of allowing drugs and the go-ahead for a law against stalking were enough, with a recap of already-trailed measures, to satisfy the Tory faithful.

He said that Tony Blair had failed the test on crime, by opposing the renewal of the Pre-

vention of Terrorism Act in early 1994. In a later interview, he accused the then shadow Home Secretary of voting the wrong way even "as IRA bombs were raining down on Heathrow airport".

He contrasted the Labour leader with John Major, "a leader who can be trusted, a leader tried and tested in the heat of battle, a leader to take us into the next century".

The text of Mr Howard's speech was issued with six pages of notes detailing his "new" proposals, many of which will be contained in a new Crime Bill. "I can tell you today that Bill will be published within a month. And I want it to be the law of the land next spring," he said. But observers are sceptical that the Bill, now heavily loaded with a compendium of unrelated measures, could be enacted in time for the general election, against opposition from judges and the Lords.

The new measures in Mr Howard's speech were a crackdown on dance clubs, in support of which the Home Secretary cited the death last year of Leah Betts, a power for courts to name juvenile offenders and a pilot scheme to give courts powers to disqualify people from driving a car as a punishment for any offence, rather than simply driving offences and stealing cars.

Mr Howard also declared "I will make sure" that women get protection from stalkers. The Home Office made it clear that it intended to back a private member's Bill to legislate "at the earliest possible opportunity". He repeated his plans—condemned last week by Sir Thomas Bingham, England's

most senior judge—for automatic life sentences for second-time serious sexual and violent offenders. He said: "Last month a rapist was sentenced to life at Chelmsford Crown Court. Described by the judge as 'verging on the satanic', he had been convicted of rape before—not once, but twice, and one of his victims was a nine-year-old. Because he wasn't given a life

sentence he had to be released. Released again to rape." But the most pointed part of his speech was his closing attack on Labour's European policy. "This country's sovereignty, this country's democracy, this country's independence, are at stake. They are sacred trusts. They are vital to our future. And, under the Conservatives, they are not negotiable," he declared to loud applause.

## Major seals it with a Thatcher kiss

COLIN BROWN  
Chief Political Correspondent

John Major sealed a show of unity with a kiss for Baroness Thatcher yesterday on the platform of the Conservative Party conference in Bournemouth. The arrival of the former prime minister at the conference, to a warm but restrained ovation, had been carefully stage-managed by Brian Mawhinney, the chairman of the Conservative Party. Lady Thatcher sat alongside Norma Major to hear Mr Mawhinney's speech to the conference, in which he tried to draw a line under all the party's troubles over sleaze and Europe, and relaunch the Tory campaign for the election.

Attacking Tony Blair's appeal to wavering Tory voters, Mr Mawhinney ridiculed the Labour leader's comparison of himself with Lady Thatcher.

"Mr Blair, I know Margaret Thatcher. Margaret Thatcher is a friend of mine. When Margaret Thatcher was rebuilding this country, you opposed everything she did. Mr Blair you are no Margaret Thatcher," Mr Mawhinney declared.

Praising John Major as a decent man, a tough fighter and a "true Brit", Mr Mawhinney said that the election would



Advice from the old guard: Norma Major receives a couple of soundbites from Margaret Thatcher at the Tory conference Photograph: David Rose

pre-eminently be about leadership. Scoffing at Mr Blair's commitment to "education, education, education", the Tory chairman said: "That's hypocrisy, hypocrisy, hypocrisy."

Mr Mawhinney, who was responsible for bringing forward the poster assault on Labour with the "demon eyes" campaign, said last week that Labour's conference just issued

"soundbites for the chattering classes". "This conference," he said, "is about something more important—it's about showing what this party stands for."

Sounding dangerously Euro-

sceptic, he warned that a Labour campaign would "surrender the British veto, and sign up this country to a federal Europe". He added: "Only if we win can Britain stay self-

governing". He directed the Tory campaign at blue-collar workers. Promising a Conservative victory at the next election, he said it would be "a victory for hard-working people."

## Youth scheme to rival Labour training plan

COLIN BROWN

A volunteer force of young people is to be announced tomorrow by Virginia Bottomley, the National Heritage Secretary, to rival Labour's plans to provide training allowances for 16-18 year-olds.

Mrs Bottomley will use the millennium funds after the turn of the century to boost training for young people. Labour's plans are funded by cuts in child benefit for 16-18 year-olds, and have been attacked as a "teenage tax" by the Tories.

The National Heritage Secretary will also announce plans to use National Lottery money to fund the revenue costs of theatres through subsidies for tickets for children.

She believes the cheap tickets initiative will keep theatres filled during weekdays, without the need for direct revenue grants to support the theatre's running costs. The move follows criticism of the restrictions on



Virginia Bottomley: Plans to use millennium funds

the use of lottery funds which were being used to build new theatres without the finance to keep them open.

Mrs Bottomley will also argue that her use of National Lottery money is providing social cohesion by funding sports clubs and village halls, which help to compensate for the loss of a sense of community through the breakdown of families and the decline of the church.

## Spin doctors caught on the hop by Cran's resignation

CHRIS BLACKHURST  
Westminster Correspondent

The first that the spokeswoman at the Northern Ireland Office knew of James Cran's resignation as Parliamentary Private Secretary to Sir Patrick Mayhew, her boss, was when she read an internal notice three days ago.

That was what she told *The Independent* when we rang on Monday afternoon to ask if it was true Mr Cran, a Euro-sceptic and pro-Unionist, was leaving the Government. She could shed no light on why he had gone. A senior Tory source confirmed Mr Cran had departed, but could not say more because he had dashed to a meeting.

At Bournemouth, Tory spin doctors went to work. Mr Cran had resigned "two months ago, so it is an old story" was one ver-

sion. He has gone because his majority is threatened by boundary changes. Mr Cran is the MP for prosperous Beverley, with a majority of 16,000.

If Mr Cran went two months ago, it had not been made public. Not even that: hardly anyone within the party hierarchy knew. And, as one seasoned Whitehall-watcher pointed out, filling a PPS's shoes happens smoothly and swiftly and does not normally take two months.

On *Newsnight*, Brian Mawhinney, the party chairman, gave a different timetable. In a nervous performance, he said he had known about Mr Cran's resignation "three weeks" ago. He was going because he needed to work on his constituency.

When Jeremy Paxman replied that Beverley was a safe Tory area, Dr Mawhinney gave an impression of a rabbit caught in the

headlights and did not respond. When *The Independent* spoke to an official close to Sir Patrick, yet another account of Mr Cran's departure was forthcoming. He had written to Sir Patrick "three to four weeks ago" stating his intention to resign. His resignation had not been accepted and had been kept under wraps because Sir Patrick had wanted to talk to him first.

In his letter, Mr Cran said he wanted to spend more time in his constituency, but the official said the view of Sir Patrick was that he "wants to be freed up to pursue his greater agenda about Europe". In the run-up to the election, said the official, there was little doubt among those at the top of the party that Mr Cran wanted the "liberty to speak his mind on Europe".

Contrary to the spin being played out at Bournemouth, which said that Mr Cran's position was minor and his departure was not a blow, the official said it was "a loss" and he had been "highly rated".

Finally, there was Mr Cran himself. He claimed there was no foundation in the claim that he wanted to pursue his line on Europe. "Indeed, I am of the view that the Euro-sceptical point of view within the country is best preserved by backing Major's European policy. To do anything else means that Blair is in Downing Street and then the sovereignty of the country is given away."

His own reason for going was that "18 months as parliamentary aide to a Cabinet minister is, for me, just about the right time. When I did 18 months or thereabouts, I decided to step down. It was as simple as that."

## Turning a deaf ear in the face of confusion

As Yeats didn't say, this is no country for young men. Most delegates in Bournemouth are getting on, and the effort of exercising two decades worth of power, and dragging all that jewellery around has made them very tired.

When, during a farmers' protest outside, someone was dragging around an enormous stuffed toy cow, with mock blood, I thought for a horrid moment that one of the delegates had heeled over into their lunchtime ketchup. It is a fact that one of the visited stalls belongs to the Hearing Aid Association.

Inside, they sit in a huge bank, looking down on a stage set for a musical version of *Blake's 7*. On the left is a control panel and modernistic desk-space for prime ministers, Thatchers, the conference chairman and the imminent secretary of state.

On the right two sweeping tiers give ample room for armies of ministerial hangers-on. "Before my inevitable standing ovation, may I just introduce my minister of state, Algy Blinker, his PPS Martin Snott, my PPS Jillian Twinsett, our departmental whip Gyles Sneekie, and our spokesman in the Lords, Baroness Cumber-some." In the modern, egalitarian Conservative Party, there are prizes for all: Her Majesty's Government (or Ian Greer) will make sure of that.

Up-stage there is an isolated circle, which looks like a perfect place for stationary tap-dancing, and from which the speeches are made. Yesterday morning, the dance-tune was the Union Fandango, opened by an amiable man called Struan Stevenson, who laid into Labour. "They lifted their kilts", he quipped, "and found nothing that any Scotsman could be proud of, and nothing that any Scotswoman could want".

There was much laughter. But what did this metaphor mean? What had been discovered? Genital warts? Weeny wilies? There were two options: analyse the message for a couple of hours, or guffaw idiotically. The conference was happy



DAVID AARONOVITCH

to do the latter. Then Sebastian Leslie, chintzy aristocrat and prospective parliamentary candidate for Angus East, spoke. "Angus is special", he began, earning funny looks from delegates who hadn't heard where he was from, and were still feeling unsettled by the kilts remarks.

He then explained his problem. Angus, alone in the UK, has apparently been governed by the SNP for 20 years, "causing devastation to the health service" and everything else. The reason was that, "as long as the Nationalists rule Angus, the Socialist establishment in Dundee will dominate!" But, he went on, "I've been knocking at the door of the Secretary of State—and he's been listening! And I've not just been talking about the A52! Our message to the SNP must be hospitals and roads". Er, good. Somewhere on this planet there must be someone who understands what Sebastian is going on about.

Perhaps William Hague did. The former boy-wonder is shiny faced, beaming, healthy and bald, like a free-range egg on E. He replied to the debate on behalf of the Welsh nation (from which he did not spring, which has never elected him, and among whom he has never lived), and ridiculed devolution. He spoke well and loved every second. But it wasn't hard to imagine him making a speech saying exactly the opposite should the exigencies of government require it.

Hague will go all the way. Where he will meet Stephen Dorrell, the strangely noisy Health Secretary. In a special Q&A session, he shouted at questioners for an hour and a half. Surprisingly, the more friendly the question, the louder he shouted.

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إلى أحياء



# Tax-cuts battle hits Dorrell's GP plans

COLIN BROWN  
Chief Political Correspondent

Publication of a White Paper on the future of family doctor services has been delayed by a battle between Stephen Dorrell, Secretary of State for Health, and the Treasury over the cost of the plans.

The public-spending battle has been suspended for the party conference, but the struggle for reductions to make room for tax cuts in next month's Budget will be restarted next week by Kenneth Clarke.

The Chancellor, who addresses the conference tomorrow, will chair the meeting of the Cabinet EDX committee on public expenditure to thrash out the final savings on the £262.8bn budget allocated for next year.

The BSE crisis has caused a sharp rise in spending, virtually wiping out the contingency reserve for this year, but the Chancellor is keeping a tight rein on spending commitments at the conference.

Mr Dorrell yesterday was unable to give any firm date for the White Paper but confirmed that legislation to expand family doctor services would be in the next Queen's Speech.

The Treasury is anxious to ensure that the expansion of the family doctor services will be cost-effective. The White Paper will

precede the legislation under which there will be pilot schemes allowing GPs to offer a wider range of services, more consultants to hold clinics in GP surgeries, and hospitals to employ GPs where there is a local need.

Mr Dorrell also confirmed that he is postponing until after the general election the scheme to spare the elderly being forced to sell their homes to pay for long-term care.

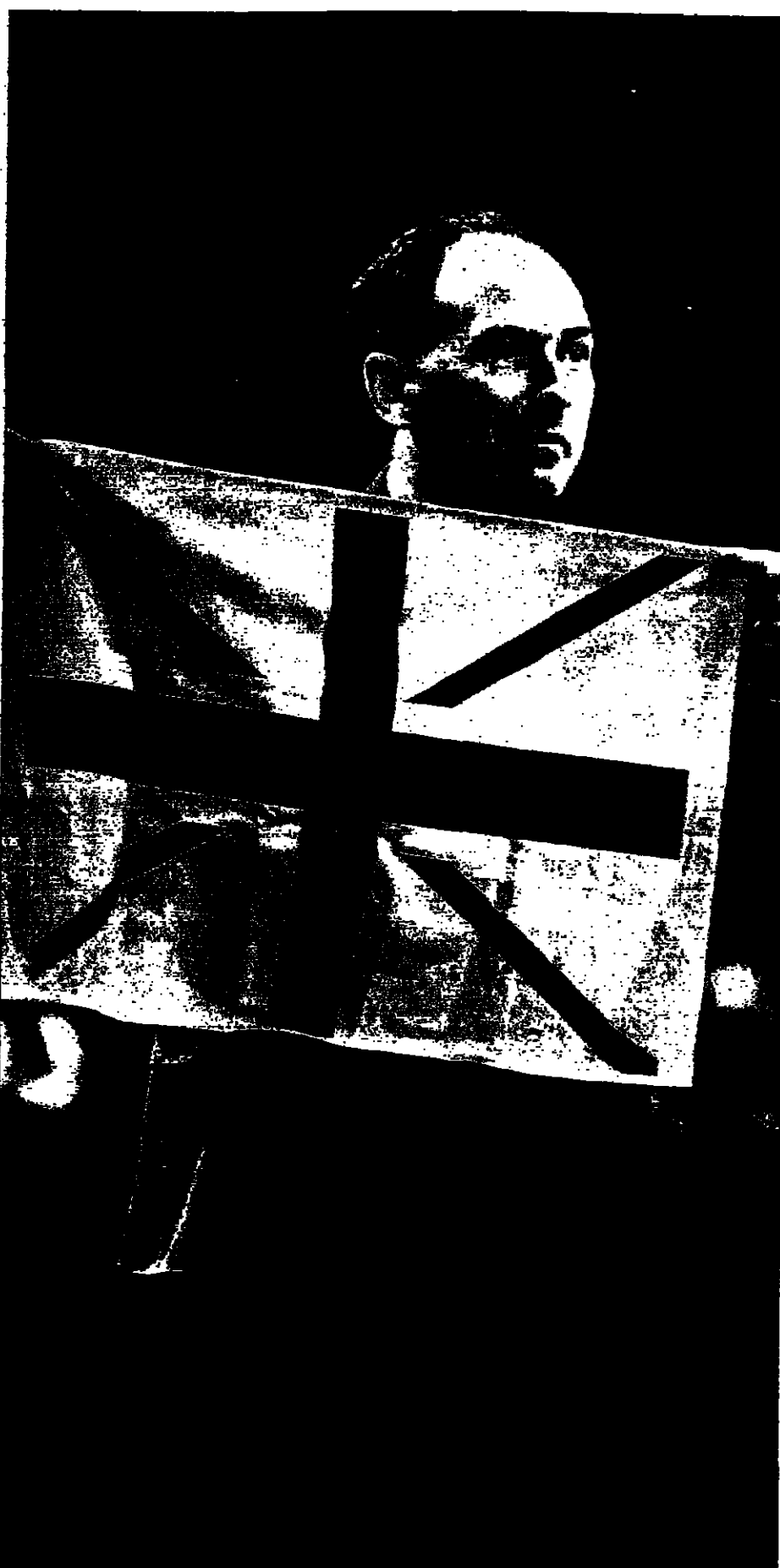
The Prime Minister had given a pledge to defuse a row over the issue among Tory supporters. Mr Dorrell produced a "partnership" plan to enable the elderly to keep capital assets if they took out insurance long-term care.

Mr Dorrell last night confirmed that the legislation will be published in draft form next month, and it will not be enacted until after the election. "It would be a great mistake to introduce legislation on a complex set of issues without having ensured it is right," he said. "The right way forward for that legislation is to publish a Bill in draft."

The Health Secretary yesterday also faced open criticism of the failure of care-in-the-community services.

Doing away with a conventional conference speech, Mr Dorrell held an hour-long question-and-answer session and faced repeated demands for action to end "bed blocking" by elderly patients who cannot be released from hospital because there is no place for them in the community.

Leaders of the Conservative Medical Society, normally guaranteed to offer friendly questions, highlighted the deep concern in the NHS at the numbers of elderly people who are occupying hospital beds because the social services departments have failed to provide care-in-the-community places for them.



'Anemic' emblem: Michael Forsyth, Secretary of State for Scotland, holds up a Union flag, with the blue saltire of Scotland missing, at the Tory conference. Photograph: David Rose

## Tories to harry Blair on Scotland

JOHN RENTOUL  
Political Correspondent

The Conservative Party yesterday served notice that it would seek to exploit Labour's plans to devolve power to Scotland and Wales to destabilise a Tony Blair government.

In speeches which at times seemed to assume that the next election was already lost, Michael Forsyth, the Secretary of State for Scotland, and his Welsh counterpart William Hague, competed to present themselves as right-wing harriers of a Labour administration.

Mr Forsyth described the recent confusion over Mr Blair's devolution policy as a "forensic" of a Labour government. If a Scottish parliament were set up in Edinburgh, he said, Gordon Brown, the shadow Chancellor and MP for Dumfries and Galloway, "could not legislate on... matters affecting the daily lives of his constituents in Dumfries, but he could do so for people in Dagenham".

Mr Hague also pursued the effects of a Labour victory, saying: "These assemblies... would steadily demand more and more powers until they could fulfil their natural role as regulating, legislating, time-wasting, tax-raising busybodies."

But there was an undercurrent to the debate, as the two youngest Cabinet members competed for the approval of Baroness Thatcher, whose arrival on the platform interrupted proceedings for an enthusiastic 40-second ovation.

Mr Hague, 35, first wowed a Tory conference at 16. Just last year, he was given a slot in a youth debate. But yesterday he was given equal billing with Mr Forsyth, and won the loudest roar of approval when he gave the conference its first chance to express its anti-Brussels bloodlust, linking the defence of the Union against devolutionists to its defence against creeping European integration.

But it was Mr Forsyth who stole the television pictures, holding up a Union flag with the blue saltire of Scotland missing: "an anemic red asterisk". "Is this the flag you want to fly over your children and your children's children?" he asked.

## YESTERDAY AT THE CONFERENCE

### MAIN ANNOUNCEMENTS

**Beef crisis**  
£25m income support for beef farmers - new scheme.  
A registration scheme for farmers caught in the BSE slaughter backlog. £16.5m extra to pay for cold storage of carcasses awaiting destruction to ease backlog - new money.

**Law and order**  
Dance clubs suspected of allowing drug dealing will be closed, even while awaiting charges only wholly new announcement.  
Hanging judges - leaked two weeks ago.  
Dancing licences to be taken away from offenders - trailed in yesterday's papers, but now revealed that it applies to all offences.

### QUOTES OF THE DAY

"I don't think I'd want a federal Europe even if Margaret Thatcher was running it." Michael Howard, Home Secretary, on the fringe.

"Mr Blair, I know Margaret Thatcher. Margaret Thatcher is a friend of mine. When Margaret Thatcher was rebuilding this country, you opposed everything she did. Mr Blair, you're no Margaret Thatcher." Brian Mawhinney, Tory party chairman.

"Michael Forsyth has scared the Scottish Labour Party out of their kilt. He has looked under their sporrans and found... not very much." Struan Stevenson, candidate in Dumfries.

"When Charles Lewington comes in here he looks as if he's come into the toilet." Journalist on Tony's chief spin doctor's visits to press room.

### GOOD DAY... BAD DAY... DEVIL OF THE DAY

**GOOD DAY**  
Stephen Dorrell, Health Secretary, succeeded in Central Office's ambition to achieve zero coverage for the NHS.  
**BAD DAY**  
Douglas Hogg, Minister of Agriculture, resignation demanded by howling mob of angry farmers.  
**DEVIL OF THE DAY**  
Peter Mandelson, Labour MP for Spoken Central, mocked in nearly every ministerial speech.

### THE CROWD-PULLERS ON THE FRINGE

David Trimble, Ulster Unionist leader, and David Wainwright MP, Tory rebel on Northern Ireland, 200 people.  
Michael Howard, at Conservative Way Forward rally, the main daily Thatcherite event, 160 people.  
Lord Tebbit and David Heathcoat-Amory, on how Europe can be an election winner 600 people.

### MOOD MUSIC OF THE DAY

What they played in between sessions: "Come Together", The Beatles; "Wonderful World", Louis Armstrong; "Here Comes the Sun", The Beatles.

### THE PARTY NOT TO BE SEEN AT

The Piper-Heidsieck stall, selling champagne at £5.50 a glass - some classless representatives had bought bottles at £28, £35 and £95.

### SIGHTINGS

Lord Longford, Labour peer and penal reform campaigner.  
Des Wilson, Liberal Democrat 1992 election campaign chief.

### RAPTUREMASTER

Michael Howard 1 min 40 sec  
(Home Sec) 90 decibels  
Brian Mawhinney 1 min 27 sec  
(party chairman) 90 decibels  
William Hague and 1 min 13 sec  
Michael Forsyth 91 decibels  
(97 decibel cheer when they held up the Union flag)

### TODAY'S BUSINESS

Europe (Malcolm Rifkind), Trade and Industry (Ian Lang), Prime Minister's question and answer session with representatives, Social Security (Peter Lilley), Environment (John Gummer), Transport (Sir George Young).

Compiled by John Rentoul

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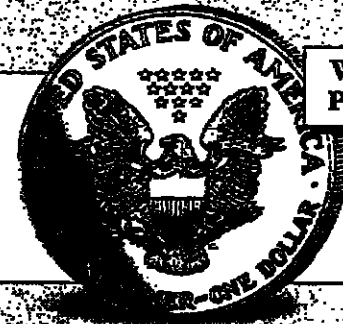
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## news

# The great tilting train robbery

We invented it but let the technology go abroad. Now we're having to invent it again.

CHRISTIAN WOLMAR  
Transport Correspondent

Rail schedules between Glasgow and London could be cut by an hour with the use of tilting trains, under plans announced yesterday by Railtrack and the franchising director, Roger Salmon.

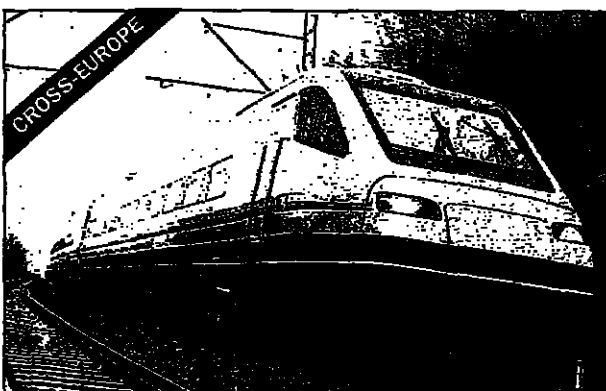
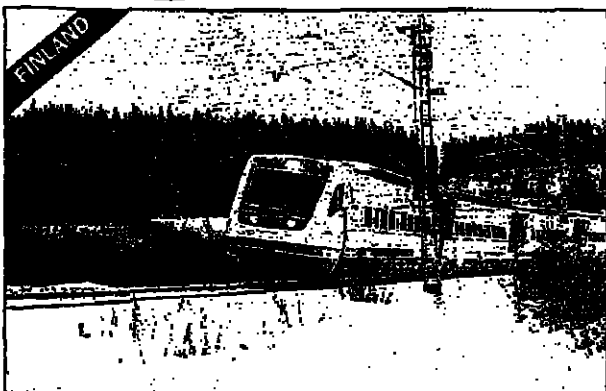
The plans, which have been prepared by a 200-strong team working for Railtrack over the past two years, would involve a £1.500m upgrade of the line and £600m of new rolling stock. It could be realised by 2003.

The announcement appeared to give some cheer to the Conservatives meeting in Bournemouth, but Mr Salmon denied that this was the case. "The pressure has come from OPRAF [the Office of Passenger Rail Franchising] to get the deal done as quickly as possible."

However, Mr Salmon admitted that the scheme is dependent upon the successful bidder for the West Coast Main Line franchise being prepared to buy the tilting trains and to obtain Treasury finance to pay for them.

The successful franchisee for the line, last modernised 30 years ago, will be given a 15-year term during which the line will be improved to achieve running times of 80 minutes from London to Birmingham, two hours to Manchester and four hours to Glasgow. A special premier train, with just one intermediate stop at Preston, could link London with Glasgow in just four hours.

Bob Horton, Railtrack's chairman, said yesterday that the line will be upgraded in a £1.35bn rolling programme and Railtrack is prepared to spend an extra £150m to ensure that tilting trains can use the line.



Inclined to speed: Tilting trains of the Finnish and Italian state railways, with (bottom) the Cisalpino that runs from Milan to Bern, Switzerland; right, BR's APT, rejected by the network in the 1970s

He said: "We are offering a firm commitment. There is no question of a deal being put back." Mr Horton also confirmed that all the line up to Glasgow would be renovated.

allying fears that the line from Preston to Glasgow would be downgraded.

The upgrading will include the installation of cab signalling similar to that used by the

French TGV trains, enabling information to be relayed into the driver's cab in place of the driver having to rely on traffic-light style signals. This not only allows faster running speeds, but is also

safer since should a driver ignore an instruction to stop, the train will do so automatically.

Mr Salmon said that bidders for the West Coast will be asked to provide two separate bids,

one with tilting trains and one without.

He said that he was confident the tilting trains offer would be more economical than conventional trains, but that if they

were more expensive than anticipated, then they would ask for extra Treasury funding.

This is the biggest test so far for the success of the rail privatisation scheme. The fran-

chise is due to be let out by March 1997 and by then a complex deal involving OPRAF, Railtrack, the Treasury, and the bidder will have to be thrashed out.

The successful bidder (chosen probably from the 14 companies which have expressed an interest in competing) will get huge subsidies from the Government via OPRAF to support services on the line and to ensure that it is profitable enough to pay for the new trains.

If the Government manages to get a successful deal before the general election, it will be one of the few concrete successes of the controversial rail privatisation.

## Why European railways go faster round the bend

CHRISTIAN WOLMAR

Tilting trains were the great flop of the 1980s in the UK, but they are becoming commonplace in most of Europe. It was Britain that developed the idea of installing a tilting mechanism to allow trains to go faster round bends. The limit to speed is not

the angle of the tilt but the comfort of the passengers. The tilt mechanism ensures carriages "ride" smoothly with bends.

Or so the theory went. But BR's version, the Advanced Passenger Train, was ridiculed because the tilt mechanism kept breaking down. Brian Mellitt, Railtrack's engineering direc-

tor, who was involved in the APT's development, said the cause of the problem was that the train did tilt too much.

The APT was scrapped although many engineers who worked on it said errors on the prototype could have been ironed out, with the train in full service by the mid-1980s.

Tilting trains are all the rage in Europe as they allow faster line speeds without big infrastructure renovation. Marzio Broda, of Fiat Ferroviaria, the most successful of the two companies now producing tilting trains, said that the key change was to install a gyro scope to indicate when the tilt

mechanism should come into play. "Previously, there was only an accelerometer [a mechanism using springs] to detect the bends... but this also detected bumps on the line, causing too many tilts." Fiat's trains have now been sold to Finland, Germany, Switzerland, Spain, the Czech Republic and Portu-

gal - and 25 trains of 46 ordered are currently operating in Italy. The other firm, Adtranz, has trains in Sweden and Norway, but these are hauled by non-tilting locomotives. Recently James Sherwood, president of the UK firm, Sea Containers, said he hoped to order two tilting trains for the East Coast Main Line.

## The great escape.

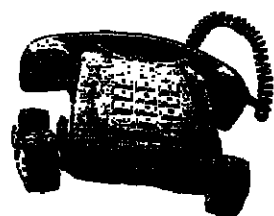
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## The £650,000 school for one

JAMES CUSICK

A residential school funded by public money with a staff of 38, annual running costs of £650,000, and room for 80 students, is currently looking after one pupil. The pupil, receiving what may well be one of the most expensive state educations in the world, is currently costing the London Borough of Lambeth more than 200 times the bill for every other child.

Enborne Lodge School, in Newbury, Berkshire, is supposed to house bright children who have behavioural and emotional problems. The special school was funded by the Inner London Education Authority, but when ILEA was disbanded in 1990 responsibility for its running moved to Lambeth.

With Lambeth, responsible for the education of more than 20,000 pupils, and planning spending cuts of £2.9m on an annual budget of just under £100m, the financial fiasco of Enborne has turned into a political fight for each party in the hung local government council.

As part of a review of its education spending, begun in September last year, Lambeth

decided it could no longer afford Enborne. The school roll then contained more than one student. But, when the closure was announced, the parents of one pupil decided to take legal action to halt the council plans.

In May, at a civil action in the High Court, a judge granted an injunction to the parents which prevented the closure of Enborne. Central to the decision of the judge was criticism that Lambeth had not properly consulted parents.

The by-the-book consultation process began officially on 19 September. While this three-month process is being carried out, Lambeth has no option but to keep the school open.

Insiders in the council yesterday said the "technicality" of the High Court ruling was causing great embarrassment. One official, who asked not to be named, said: "The Government has been increasingly advocating the importance of integrating special needs into mainstream education. Yet here we are being penalised."

With pupils in Lambeth each costing the education authority an annual £3,000, the Tory group's education spokesman,

Councillor John Whelan, claimed that the £650,000 bill for one pupil must be the most expensive education in the world. He said the situation was a farce and should be ended as soon as possible.

The Liberal Democrats on the council say the mess arose

from the legacy of the last Labour-controlled council. The Labour group maintains that special schools like Enborne are needed and fulfil a crucial role.

A council spokeswoman said that given the terms of the injunction she could not comment on the situation at Enborne.

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## DAILY POEM

### The Message

By Maura Dooley

How, at an open window the wind filled a shirt with the shape of his body, pressed it flat as an idea again.

Then, turning back the covers one still night she found a bat in her bed, cuffed it, flung its small warmth into the sky.

But, the need for a cigarette was the need to press hard on the wheel of his Zippo: pain, ignition.

So, when the parcel came she wasn't surprised that all his curls spilled out clipped, abundant and with no message. Somewhere, his head was cool and clear and free.

Maura Dooley is one of five shortlisted poets (in the category of Best Individual Poem) of the Forward Poetry Prizes to be announced this evening at the Groucho Club in London. The prizes are part of National Poetry Day, instigated by the publisher William Sieghart in 1992 and now in its fifth year. For information on poetry events taking place all over the country access the Poetry Map on the Internet (<http://www.bbc.co.uk/online/poetry/>). In London, the most sumptuous poetry will be taking place in the Piazza in Covent Garden, with live performances from Britain's leading poets.

الطريق الى الجنة



## She's seen the show 41 times. So what is the secret behind the phantom's mask?



Masked in admiration: Christine Daaé, who, caught in the Phantom's 'hypnotic power', changed her name from Victoria Bohm in honour of his diva. Photograph: Keith Dobney

DAVID LISTER  
Arts News Editor

For a reputedly shy chap, Sir Andrew Lloyd Webber does not do things by half. Tonight, to mark the 10th anniversary of *The Phantom of the Opera*, he will be giving a masked ball at a London hotel and even taking to the stage at Her Majesty's Theatre to do a surprise turn after the curtain call.

Sir Andrew and the musical's producer, Sir Cameron Mackintosh, have sent a stylised invitation to 10th-anniversary guests purporting to be from the Phantom himself. "Masks must be worn. Ignore this at your peril" it concludes.

In the case of Messrs Lloyd Webber and Mackintosh, that is, one assumes, a tongue-in-cheek affectation. For others though the magical powers of the Phantom and his infatuation with his protégé Christine Daaé in the 19th-century Paris Opera House have been tangible enough to take over their lives.

Take for example Miss Christine Daaé herself. Not the fictional diva who inflames the Phantom to murder for her love in the swirling Gothic romance, but the 22-year-old PA from Bishop's Stortford in Hertfordshire who changed her name from Victoria Bohm by dead poll.

Miss Daaé of Bishop's Stortford has seen the show 41 times, once travelling to Canada to do so, and has spent around £6,000 on tickets and merchandise. The show, she said yesterday, "totally took my breath away. I felt completely carried away to another world, caught up in the hypnotic power he has over Christine".

She explains the change of name in appropriately romantic style. "Unconsciously it was that if the Phantom came back today he would have a Christine Daaé who would stay by him at the end," - a sideswipe at the original Christine who deserts her mentor once nightly and twice on on matinee days.

Miss Daaé's identification with the piece is not unique. Ushers at Her Majesty's Theatre regularly see people sitting in the stalls in phantasmagoric masks.

And on one occasion audience involvement nearly led to an international incident. Ushers were shocked to see the Queen of Sweden enter the theatre's VIP room at the interval, hair in a mess, clothes dishevelled. Her bodyguards had mistaken the *couple de théâtre* at the end of the first act, when a chandelier crashes from the ceiling above the auditorium on to the stage, as an assassination attempt - and leapt on the Queen to protect her.

There are currently 16 productions of *Phantom of the Opera* playing worldwide. And last year in Basel, Switzerland, a £25m theatre was designed and built to show *The Phantom of the Opera* - in perpetuity.

Some members of the audi-

ence travel to the theatre on a dedicated aircraft which carries ticket-holders from all over Europe. The Corsair Saab 2000 has had its fuselage painted with the Phantom's mask logo, dwarfing the Swiss flag. As it takes off, the climax to the title track plays through the cabin.

If he studies the Phantom figures before setting out tonight, Sir Andrew will note that worldwide it has grossed £1.4bn. In London alone it has taken £30m and has been seen by nearly 5 million people.

The moral of which is: Always linger around second-hand book stalls. It was at one such stall in New York that Sir Andrew bought the book on which the show was based, for 50 cents. His first thought was that the story was "a load of hokum". He now speaks of it with a little more passion.

"There was a lot of love in it for me," he says. "I wrote the role of Christine for my then wife Sarah Brightman, and a lot of passion went into it."

### The facts behind the musical magic

- The chandelier, made of 6,000 beads and weighing one-and-a-half tons, makes a four-second fall to the stage towards the end of every performance.
- There is almost a mile-and-a-half of drapery around the stage.
- Each dancer wears out one pair of dancing shoes every three days.

- Cast members have an average of seven costume changes per performance.
- The Phantom's mask, with integrated radio microphone, takes two hours to put on and one hour to remove.
- A ticket to watch one of the ten "Phantom" productions showing around the world is bought on average every nine seconds.

## British economist is Nobel winner

DIANE COYLE  
Economics Editor

A Cambridge professor who developed the study of economic behaviour in the absence of complete information, has become the first Briton working in this country to win the Nobel Prize for Economics for 12 years.

James Mirrlees, 60, shares the \$1.12m (£0.7m) prize with William Vickrey, an 82-year-old Canadian who teaches at Columbia University in New York. Although the two men have not met, the Royal Swedish Academy of Sciences cited both for their work on how economic decisions are made when there is uncertainty and only partial information.

Their research is therefore unusually realistic for economists, who normally assume away real-world difficulties such as one party to a contract knowing more than the other, or the fact that the future is unknown. Professor Mirrlees virtually invented research into the "principal-agent problem", where a principal such as a shareholder pays an agent such as a manager to run a company. He also shaped the study of "moral hazard", when the fact that there are incentives to lie - in taking out an insurance policy, for instance - alters the kind of cover a company will offer.

government bonds, and fares policy on the New York subway. "One of the charges against economists is that we are not very relevant," Professor Charles Bean, of the London School of Economics, said. "But this work is incredibly relevant. It is a well-deserved prize."

Professor Peter Snelgar of Birmingham University said: "Jim Mirrlees has played a huge role in the reshaping of economic institutions, from the design of managerial remuneration and the trend to contracting out right through to privatisations."

Despite his influence on the real world, however, many



Professor Mirrlees: Work relevant to real world

British economists regard Professor Mirrlees' work as arid and mathematical. It is a view encouraged by his austere Scots personality and imposing height, which tend to overawe people on their first encounter.

Professor Mirrlees himself said he was "full of glee" yesterday. "My second thought was to check the call was genuine," he added.

The British-born economist Ronald Coase, as a US citizen working at the University of Chicago, won the Nobel prize in 1991. The last Briton working in this country to win was Richard Stone in 1984.

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### Abducted girl, 4, quizzed by police

Police in Florida have begun interviewing a four-year-old Belfast girl who was abducted from a hotel while on holiday with her family.

But they say Caoimhe McEvoy has been unable, so far, to provide any clues as to what happened to her during her 20-hour ordeal.

She was found wandering along a roadside 20 miles from the hotel in Orlando where she and her family were staying.

Commander Steve Jones, from the Orange County Sheriff's Office, said that although she was physically unhurt, she was shy of the officers who tried to interview her, and was unable to pass on any useful information.

"We've not got too many leads," he said.

"Investigators tried talking to her but she's very quiet. According to her parents, that's her nature. I think they're going to let her settle down."

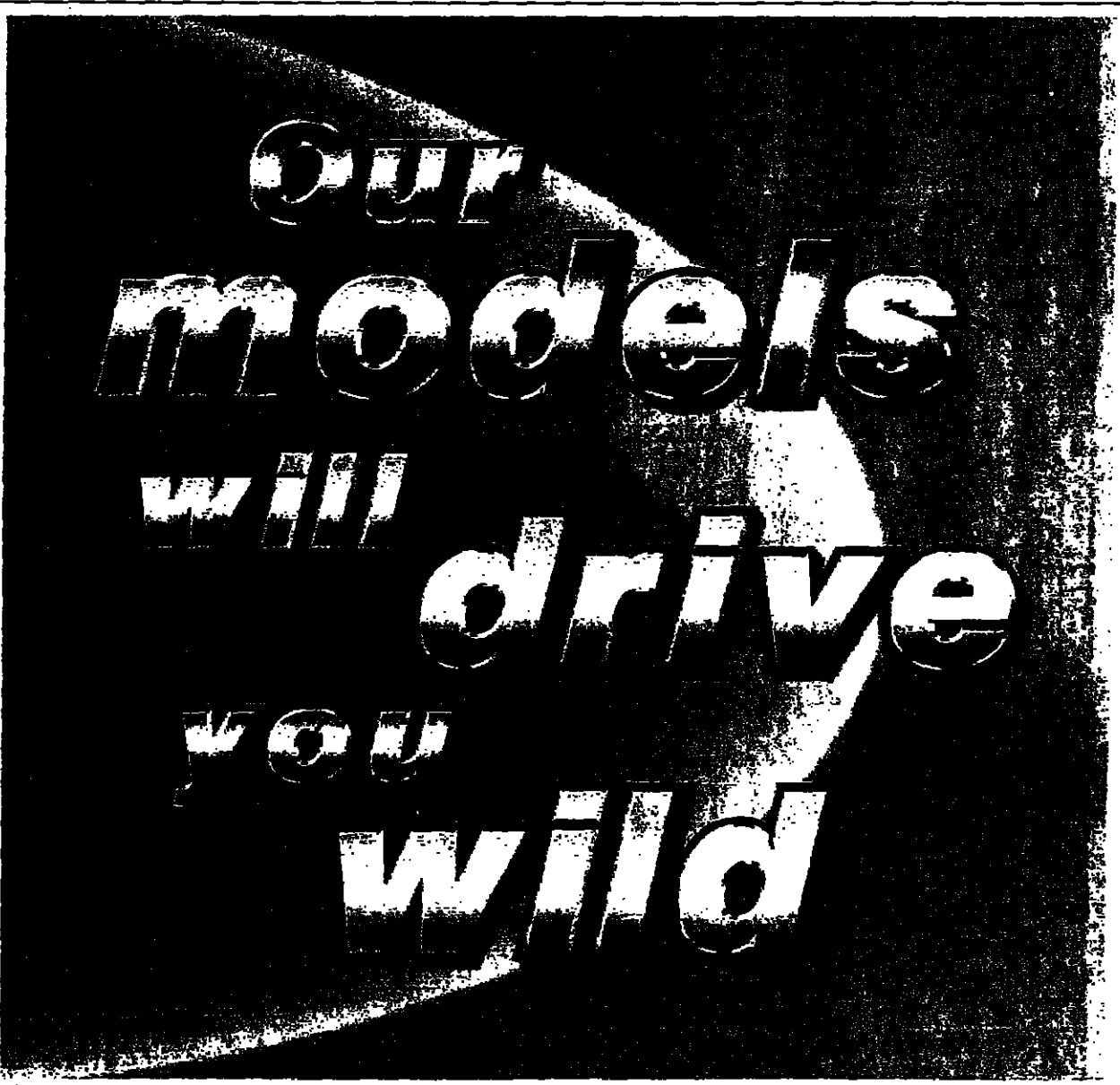
"She's fine physically. The examination by doctors didn't show any injury on the outside - cuts or bruises or anything."

"They're waiting for results on internal tests but she seems normal."

Attempts to question her were expected to resume later yesterday using specially trained officers from the local child protection team.

Mr Jones said Caoimhe had been discharged from the hospital where she was taken for checks and was now recovering with her parents at another hotel.

The family had been due to fly home on Monday at the end of their two-week holiday.



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## international

## 5 dead as cargo jet hits house

ANDREW GUMBEL  
Rome

A Russian cargo plane attempting to land at Turin airport in poor weather ploughed into a farmhouse in a village on the outskirts of the city yesterday morning, leaving at least five people dead and 20 injured.

The plane, a privately chartered Antonov 124, was making its second attempt to approach the runway at Turin's Caselle airport when its wings clipped the roofs of some farm buildings and veered out of control.

The Antonov, one of the world's largest cargo planes, crashed into a farmhouse in the hamlet of San Francesco al Campo, burying the farmer and his wife under a pile of rubble.

The pilot, co-pilot and one other crew member were all killed instantly. Around eight people managed to escape via emergency chutes, while the rest of the 23-strong crew had to be cut out of the wreckage and rushed to hospital.



The Russian Antonov 124 cargo plane which crashed yesterday on an Italian farmhouse whose owners miraculously survived. Photograph: AP

## Big-hitters lock horns in classic contest

The Senate race in Massachusetts is one to savour, writes **Rupert Cornwell**

Lowell, Massachusetts — The Democratic candidate is a Bay State grandee who went to Yale, won a purple heart in Vietnam, and was elected a senator before marrying a food company heiress worth \$67.5m. He has been known to quote André Gide to the *Boston Globe* and bears the initials — more resonant in this state than anywhere on earth — of JFK.

Not to be outdone, his wisecracking Republican opponent traces his Yankee pedigree back to 1650 ("My ancestors arrived in the US with just the shirts on their backs — they sent the servants on ahead").

He attended Harvard and Oxford; wrote a thesis on the Roman poet Propertius and apart from playing squash, hunting wild bear and serving as Governor, still cracks a mean joke in Latin. Needless to say, he's also a millionaire, whose wife is a great-granddaughter of Theodore Roosevelt.

This Senate race is big league. In fact, unless a hitherto vagrant presidential campaign suddenly takes fire, it's the best in the country this autumn. Massachusetts loves its politics, and it has a feast to savour. No undertones of race or squalid sex scandal — just two very rich, very classy, very talented white boys slugging it out.

In the Democratic corner is John Forbes Kerry, husband of Theresa Heinz, and the esteemed junior senator from Massachusetts since 1984. Challenging him is William Lloyd Weld, the hugely popular two-term Republican Governor of the most consistently Democratic state in the nation.

In some ways, they are as different as could be. Weld is a patrician populist who looks like a rugby forward, with an "aw-shucks" style and rather limited attention span. Kerry, by contrast, comes across as stiff and reserved, earnest to the point of sanctimony, and singleminded enough to devote years as a Senate subcommittee chairman to the pursuit of BQCL.

But the similarities are at least as many. They are both around 50. Both embody philosophies that may shape their parties in the next decade: Weld as a tax-cutting, tough-on-crime conservative who nopes the less supports gay rights and a woman's right to have an abortion; Kerry, the erstwhile liberal who has edged rightward, backing higher federal funding to fight crime as well as welfare reform and a balanced budget. Both have entertained dreams

## THE US PRESIDENTIAL ELECTIONS '96

of the White House (Weld almost certainly still does). And less than a month before election day, there's not an inch of daylight between them.

For more than a year now, the campaign has been running at full pitch. They have argued, shouted and vilified each other; Weld calls Kerry an unconstructed liberal, Kerry depicts the Governor as a clone of Speaker Newt Gingrich.

Given Massachusetts' Democratic traditions and the fact that Bill Clinton leads Bob Dole here by 25 points, Weld is doing remarkably well to level pegging in the polls. As he collects the endorsement of the Lowell Police Patrolmen's Union, you can understand why. Lowell is a gritty New England mill town, started up somewhat these days, but still best known as the birthplace of Jack Kerouac. With its blue-collar, union traditions it is a natural Democrat stronghold.

"John Kerry sees things from the point of view of the criminal. I see things from the point of view of the people they hurt and kill," Weld says in his set-piece speech outside city hall. You cannot help but like him. For Reagan Democrats across America in the 1980s, read Weld Democrats in Massachusetts in the 90s.

Small wonder Kerry is pulling out all the stops. Mr Clinton was special guest at a rock 'n' roll fest-cum-fundraiser in Boston last month, while Hillary Clinton is a frequent campaigner too: in liberal Massachusetts if few places else in America, the First Lady is a heroine. For this is a seat the Democrats must not lose if they are to recapture the Senate in November.

And the smart money says they won't lose, for one paradoxical reason: voters, Republicans and Democrats alike, love Weld right where he is. The Governor has yet to explain why he yearns to abandon power here to be just one of 100 senators in Washington. Kerry performs that role perfectly, the reasoning runs: if Weld wants to run for President, he can do so from Boston. After all, look what happened to the last-but-one Governor of Arkansas. Thus the subliminal slogan of campaign '96 — "Vote Kerry, To Keep Weld" — may be a winner.



Pursuit of power: John Kerry sharing a stage with President Bill Clinton at a campaign rally in Boston

## 'Le kangourou' hops on to French dinner table

MARY DEJEVSKY  
Paris

When next they venture to the hypermarket to restock their fridges and freezers, French shoppers may be surprised, even intrigued, to find a little something completely different squeezed into the meat section along with the beef and the boar: *le kangourou*.

After several years of resistance, during which all other European Union countries have progressively opened their meat markets to kangaroo, the French authorities have dropped their objections, and the first shipments should be in Paris by the end of the month. Officially, the change of mind

in France follows exhaustive hygiene checks by French inspectors, including at Australian abattoirs, to ensure that the marsupial meat conforms to standards required for meat sold in France.

The arrival of the first kangaroo steaks, however, is of more than gastronomic significance. It is the first real sign that France is ready to forgive and forget the shocking scenes of baguette-burning in Australian cities last year during the protests against French nuclear tests. It also suggests a search for something to fill out a highly carnivorous market where beef sales are still languishing around 30 per cent below their pre-BSE level.

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The total amount payable would be £78,960.50 gross, including £185 valuation fee (including mortgage set up fee of £45), £11250 estimated legal fees, £300 mortgage fee, £500 stamp duty (plus refundable) payable upon completion, £1000 reservation fee (plus refundable) payable upon application and a £195 arrangement fee, at an interest rate of 7.79%, 8.2% APR. We have calculated this example on the basis that interest will be charged at the same fixed rate for the full term of the mortgage. In fact, this fixed rate is only fixed until 28 February 2002. After this date the couple may decide to remain on the variable NatWest Mortgage Rate for the rest of the term or we may offer a new rate which is likely to be different to their fixed rate offer. This example has been calculated on the basis that the couple borrow up to 75% of the property purchase price or valuation whichever is the lower. 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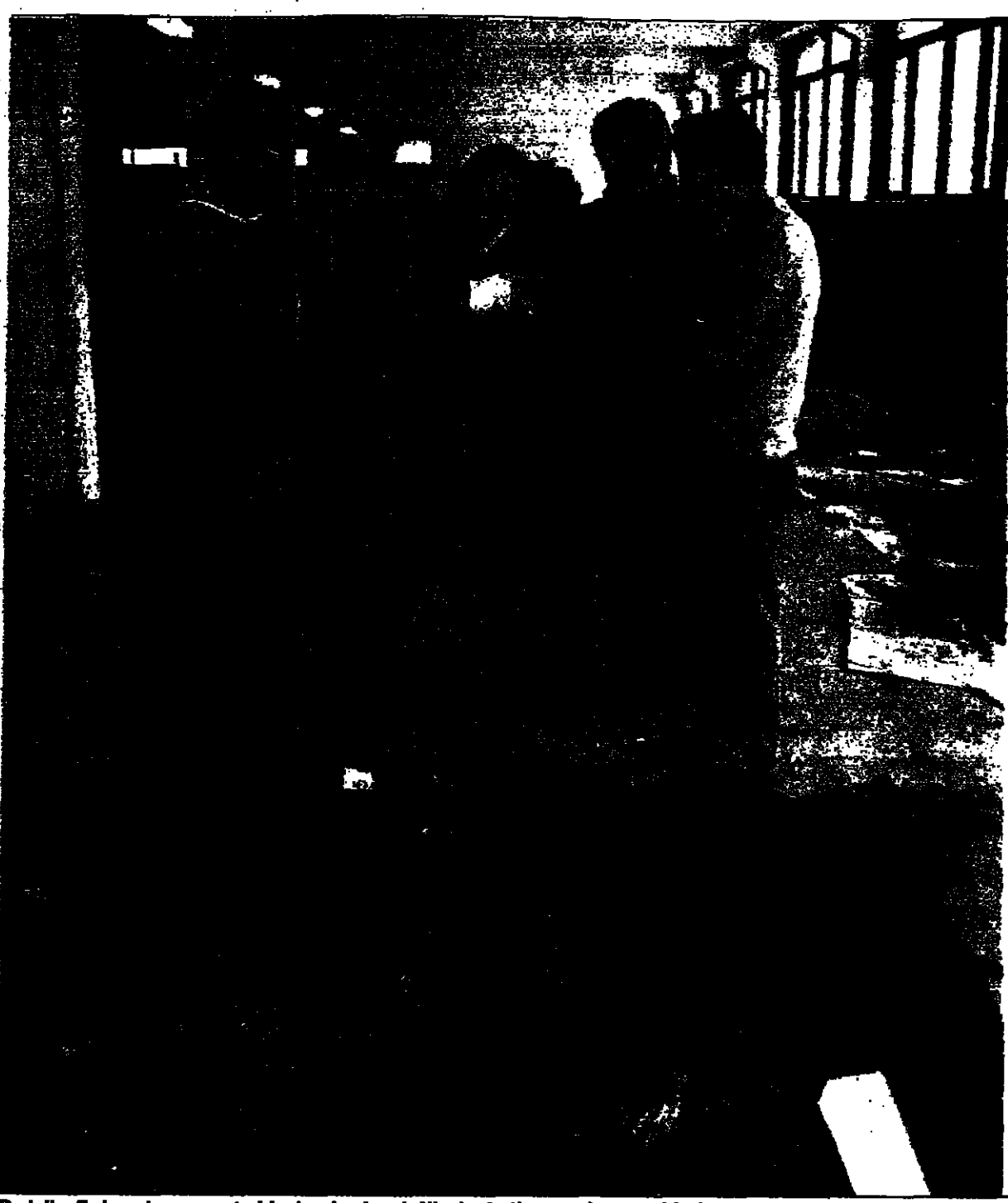








# Show me his socks ... the desperate plea of a mother in Banja Luka's warehouse of death



Radojka Todorovic, supported by her husband, Nicola, in the warehouse with the contents of the mass graves. Dr. Karan is showing them the skull he wants them to identify so they can bury the remains of their son, Radovan

The Serb coroner held out the skull to Radojka Todorovic. "This is your son's head," he said. "Can you not see the incision over where the right ear was? That was the operation he had on his ear. This is your boy."

Radojka raised both her arms, looked at the skull and then down at the terrible remains at her feet. There was a rib cage partly covered by a rotting T-shirt, a mouldy pair of trousers and a pile of dark flesh. It had lain in the mass grave at Glamoc for almost a year. But Radojka Todorovic ignored both the overpowering stench and Dr Karan's conviction that this pathetic, awful heap was 27-year-old university graduate Radovan Todorovic, her only son. "I want to see his socks," she cried. "I knitted his socks before he went to the front. Show me his socks - then I can identify him."

All around us in the dark and terrible warehouse lay the dead, 107 of them. Serb soldiers and civilians alike, 12 women among them, the oldest aged 90. Most appeared to have had their skulls beaten in or to have been shot at close range. They had been placed in ghostly ranks, numbered according to the mass grave in which the Croatian troops had put them in the last days of the Bosnian war, always supposing the war had ended. It was hot in the warehouse and Dr Karan, the coroner, a thick-bearded giant of a man, held the skull in one hand and sweat the flies from his face with the other.

"You want me to take off the

## BACK TO BOSNIA

Continuing his series from the former Yugoslavia a year after the ceasefire, Robert Fisk shares the horror of identifying a loved one's remains

boot?" he asked, his voice rising in irritation. He dearly wanted Radojka to accept that this heap of bones and decayed flesh was Radovan, the earnest, tanned-haired young man whose photograph she carried in her handbag. She was weeping now and her husband, Nicola, tall but head bowed, touched her on the arm. She nodded. Yes, she wanted to see just one sock.

"If she persuaded herself this was not her son, she might yet see him alive"

Dr Karan pulled out a long knife and cut away at the mud-caked army boot. Then, with gentle, appalling ease, the foot detached itself from the body and the Serb pulled it out of the boot, cleaning the sock with his knife. Radojka put on her spectacles. "I never knitted that," she said. "I knitted him three pairs of socks but that's not one of them. I know my knitting. That's not a pattern I'd knit. This can't be Radovan."

The coroner was angry now. He had identified 70 bodies and

he wanted to be clear of another corpse, to get them all packaged into the cheap wooden coffins piled at the back of the warehouse, each stamped with a black Orthodox cross. "Look, you must understand that soldiers at the front share things," he shouted at Radojka.

"It rains, they get wet, they borrow their colleagues' clothes. It gets cold in the front lines. He must have been wearing someone else's socks. All the men with him were killed. They are around us in this room. The body was found in the right locality. The group he belonged to is the right group. He is the only one unidentified. He had the operation. You have seen the skull."

But Radojka, an image of immense courage and pitiful hope, shook her head. "I knew another boy who had the same operation," she replied. "Why not get the doctor who performed the operation on Radovan and ask him to look at the skull?"

Beside Nicola, the chief Banja Luka police forensic scientist, a young man with a kind face, looked into Radojka's eyes. He and his colleagues had walked through minefields to retrieve the bones of his countrymen, had dug up all these bodies

behind the post-war front lines. And he understood the woman's predicament: if she could persuade herself this was not Radovan, she might yet see him alive - but if Radojka were wrong, she would be losing the chance of burying her son.

Dr Karan tried to be reasonable. "The boots are size eight. That is the size of Radovan's boots," he said. "You

"We left all the other photographs of Radovan behind when we ran away"

say you don't recognise the front teeth in the skull. But his military medical report and dental papers say he had fillings on one side of his mouth and that opposite the fillings, his sixth tooth was missing. And the sixth tooth in this skull is missing."

And Dr Karan picked up the skull again, contemplating it like a Serb Hamlet. "Please listen to me, we shall try to help you but we can't do more for you - Radovan and all his comrades were killed. I know it is very dif-

ficult for you to face this fact."

Outside the warehouse, it was Nicola who wept while Radojka tried to find comfort in recalling her son's life. Radovan, like most Bosnian Serb university graduates, was among the last to be called up to fight - which was why the best and the brightest died last. "He left home to fight on 21 August," his mother said.

"He was captured alive by Croat soldiers on 8 September, at Glamoc. That is what we were told. There was a witness, an old man, though we cannot find him now. Radovan has a mechanical engineering degree from Banja Luka university - he graduated in April last year."

And Radojka rummaged in her handbag for her picture of Radovan. "We left all the other photographs of him behind when we ran away from our home in Sanski Most," she said. "There was a lovely picture of him with his girlfriend, taken on his university graduation day and we have lost it now."

I mentioned that by chance I would be crossing the old front line to Sanski Most in a few days' time, and Radojka's face lit up. "Will you go to our home, please? The address is 14A, Braca Jugovic - it used to be called Braca Todorovic. There is a Muslim family in our house now. Will you talk to them and tell them they are not our enemies. But will you ask them, please, if they have the picture of Radovan with his girlfriend? I would so like to have it."

I promised that I would knock on her old front door and ask for the picture. She obviously accepted, in some sense, that Radovan was dead. Indeed, she had acknowledged the fact an hour earlier, when we had found her sitting, head in her hands, outside the coroner's office. "I have had enough of life," she had wailed. "I'm finished. It's over for me. He was such a wonderful boy. They killed the only son I ever had."

Tomorrow, Robert Fisk goes to Sanski Most in search of the missing photograph.

## significant shorts

### Surgery success for the Pope

The Pope had his appendix removed yesterday and doctors said that the "textbook" operation was a success. Francesco Crucitti, the chief surgeon at the Gemelli hospital, told a news conference that the operation had allowed doctors to exclude the presence of other diseased tissue and was firm in ruling out another tumour. "There are no secrets," he said. "He has never had any other growth [since 1993]."

Reuter - Rome

### Air clash in the Aegean

A Turkish F-16 fighter aircraft crashed after being intercepted by Greek warplanes near the eastern Aegean island of Chios, and one of its two pilots was missing, Greek Defence Ministry officials said. Greek naval forces picked up one Turkish pilot and took him to a hospital on Chios, just off the Turkish coast. No shots were fired during the interception. Reuter - Athens

### Dutch sex tourist jailed

In the Netherlands' first court ruling on sex tourism, a local court sentenced a 43-year-old Dutchman to five years in prison for having sex with child prostitutes, some as young as 11, on a visit to the Philippines. AP - The Hague

### Lebed offers message of peace to Nato

Alexander Lebed, the Russian security chief, entered the nerve centre of Nato's military machine with a message of peace for Moscow's Cold-War foe.

"The planet earth needs reason and intelligence and not wars. Let it be so," he said. Mr Lebed, for 20 years a soldier in the Warsaw Pact in the visitors' book at the alliance's command centre in southern Belgium. General George Joulwan, Nato's Supreme Allied Commander in Europe (SACEUR), wrote: "Together, we can make it happen". Mr Lebed said that Russia would take part in any follow-on force to the alliance-led peace mission in Bosnia which ends in December. Reuter - Mons

### Swiss refuse cattle airlift

Switzerland rejected a generous offer of political asylum for 230,000 cows sentenced to the knacker's yard on the pretext that their herds harbour BSE.

The World Hindu Organisation had taken pity on the sacred beasts, offering them safe conduct to Nepal. All they asked of the Swiss was the cost of the air tickets. The Swiss were not unsympathetic to the Hindu solution. In the end, however, they balked at the bill; air fares alone would have amounted to Sfr320m.

Imre Karacs - Bonn

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## Germany accuses Serb of 25 murders

Bonn (AP) - A Bosnian Serb has been charged with genocide for allegedly murdering Muslims - including two women and a child - during the Bosnian war, federal authorities announced yesterday. He is accused of killing one of his 25 victims by putting a bucket over his head and hitting it with a heavy plank.

The suspect, identified only as 49-year-old Nikola J, was arrested in Dueseldorf last December. He was the second Bosnian Serb to have been arrested in Germany on charges related to ethnic cleansing during Bosnia's civil war. The first, Dusan Tadic, is on trial at the International War Crimes Tribunal in The Hague.


Nikola J is accused of genocide, murder, kidnapping and extortion, said the Karlsruhe law agency.

In June 1992, he and another Bosnian Serb soldier shot at a group of Muslims in Grapacka, killing 22 people, including three women and a child, the prosecutor's office said.

Also that month, a Bosnian

Serb unit led by him rounded up Muslims in Sevarilje. He called two people out of the group and ordered a member of his unit to shoot one.

"The soldier did this," the agency said. "After that, many shots were fired, either by the suspect himself or by the soldier he gave orders to, killing the second victim as well."



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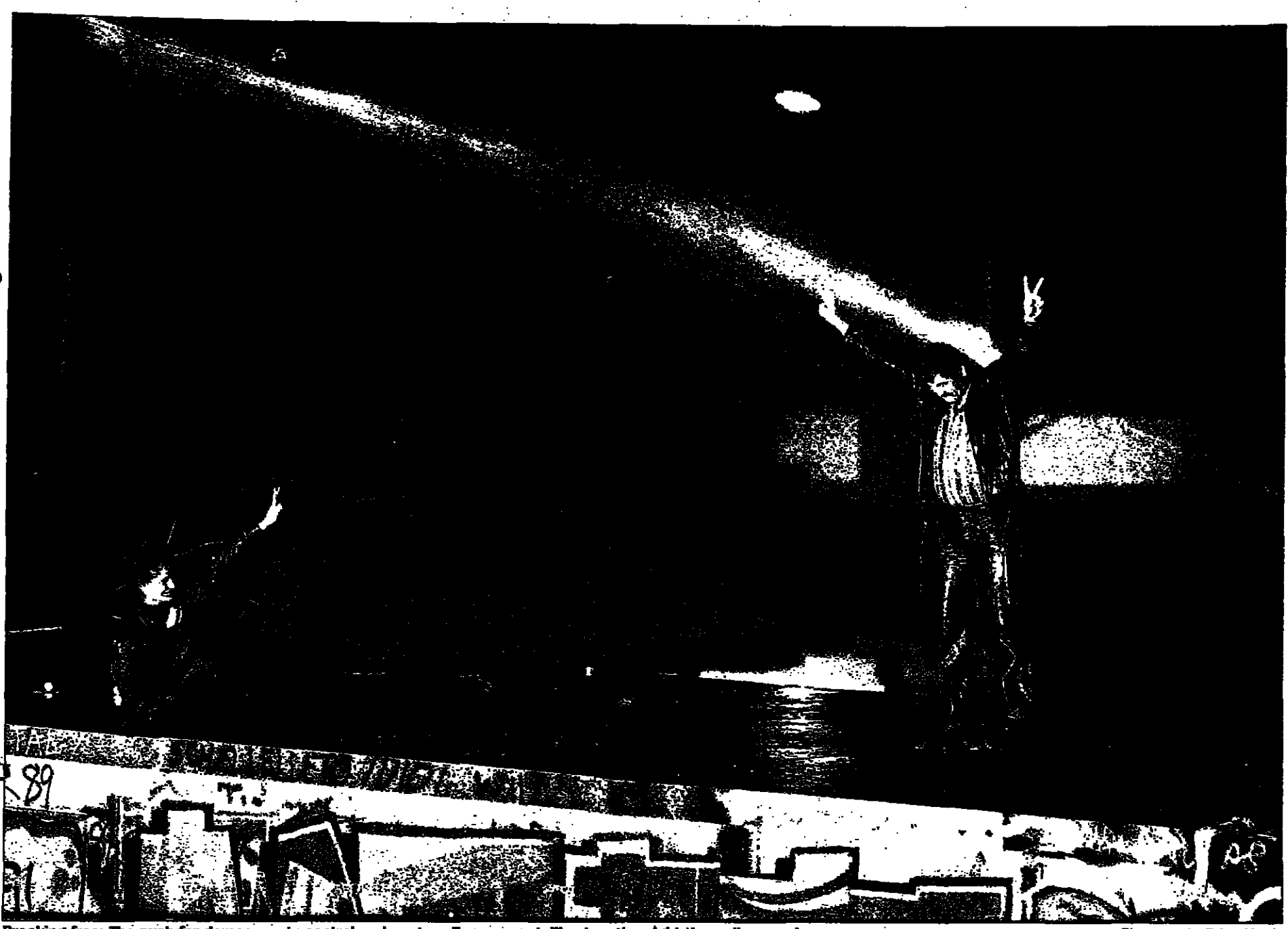








# THE Independent Decade



Breaking free: The push for democracy in central and eastern Europe crystallised on the night the wall came down Photograph: Brian Harris

## Revolution!

It was an Age of Revolutions. Some failed, most succeeded. But the years from 1986 to 1996, which saw so much change across the world, transformed our understanding of what a revolution is.

Revolution, says the *Shorter Oxford English Dictionary*, is either "a complete overthrow of the established government... by those who were previously subject to it" or "a forcible substitution of a new ruler or form of government". In other words, a revolution can be a popular uprising or a palace coup, and a degree of violence or upheaval seems essential for an event to qualify as revolutionary.

The definitions must surely be updated, for neither does justice to the fashion in which revolutions unfolded across the world in this decade. For example, did the achievement of black majority rule in South Africa represent the "complete overthrow of the established government" by those subject to it?

Yes, up to a point. However, the ruling white Nationalists consciously and actively participated in the dismantling of their political supremacy. Moreover, the legitimacy of black majority rule – the legitimacy of the revolution – rests partly on



**Tony Barber examines 10 years which saw democracy sweep away dictatorships across the world**

the free elections of 1994 that brought victory for President Nelson Mandela and his African National Congress.

Dictionaries do not like revolutions that involve elections and peaceful constitutional change. Least of all do they like revolutions which take place because the rulers have willingly injected their one-party systems with a lethal dose of democracy. Yet this was the process by which the Poles and Hungarians effected revolutionary change in 1989. They did not storm the barricades in Warsaw and Budapest. They did not need to.

Poland's Communist authorities called semi-free elections in June 1989 in which Solidarity won 260 out of 261 contested seats. Offered the stake of democracy by their rulers, the people seized it and drove it into the heart of Communism.

By September 1989, Poland had a government led by non-Communists, the first in eastern Europe since the 1940s. Yet Communism had not exactly been overthrown; it had been partly voted out and partly negotiated away.

The negotiations between President Wojciech Jaruzelski (who had suppressed Solidarity

under martial law in 1981) and the opposition were vital, for in summer 1989 no one knew how much reform the Soviet Union would permit in central and eastern Europe. The talks produced a compromise: key security posts in the government were to stay in Communist hands, but otherwise Poland's new leaders were free to build a Western-style market democracy.

Hungary's revolution broke the dictionary rules, too. In October 1989 the ruling Communists renounced Marxism-Leninism and declared themselves a Socialist Party on Western European lines. Meanwhile, the government had opened talks with opposition groups on holding completely free elections. These took place in March 1990, when the opposition Democratic Forum swept the Communists from office.

Not a drop of blood was spilt, yet these events constituted a revolution rather more than did the popular revolt of 1956, in which 25,000 people were killed but the Communist system ultimately remained intact.

The most evocative phrase was coined in Prague, where the Velvet Revolution – another peaceful uprising – turfed out the Communists and installed the philosopher-playwright Vaclav Havel as president.

East Germany's revolution fits traditional definitions in that it began with hundreds of thousands of pro-democracy demonstrators filling the streets of Leipzig and other cities, but the unique feature of this revolution was that it abolished not just a political system but the East German state itself.

One might even say that it revolutionised Europe, by leading to a united, democratic and

**Days of our lives**

**THE INDEPENDENT**

**The rape of Peking**

**THE INDEPENDENT**

**Berlin Wall breaks open**

**THE INDEPENDENT**

**Mandela free but defiant**

**THE INDEPENDENT**

**Bush and Thatcher call for UN sanctions against Iraq**

**THE INDEPENDENT**

**Yeltsin defies coup 'terror'**

## The night Europe became whole again

It wasn't just the landscape of European politics that suddenly changed last night. It was the European cosmos. For most west Europeans now alive, the world has always ended at the East German border and the Wall; beyond lay darkness and demons. The opening of the frontiers declares that the world has no edge any more. Europe is becoming once more round, and whole.

This is the best news the German people have heard since 1945. But it's right to look back at the huge, artfully built frontiers of wire and lights, towers and minefields, dogs tethered to wires, sensor devices and mantrap guns, sandbagged death-strips, helmeted men with guns. There, on the border or the Berlin Wall, hundreds of human beings died and hundreds were maimed. The dogs howled in the night. Sometimes



**Neal Ascherson**  
Berlin, November 1989

But, of course, the East German leaders are still playing games. Their move is both desperate and shrewd. Egon Krenz can live with two possible results of what he has now done. The first is a colossal bolt to the West, which would make the influx of the

last months just a prelude. If that happens, the Bonn government is trapped. West Germany cannot assimilate a far greater inflow. Instead, Bonn would be driven to provide the GDR with instant and enormous economic assistance and political encouragement – to make it a country worth staying in. It would mean, in effect, committing West Germany to Mr Krenz and his reforms. And that Mr Krenz well knows.

The other outcome could be that the population, seeing one of its biggest grievances met, will begin to simmer down. There would be a temporary increase of emigration to the West but then the torrent would slow. This too would be agreeable for Mr Krenz.

It is certainly true that many of these refugees – perhaps most – would return home if their country was more free and its borders remained open.

Heimat has a far deeper pull on the Germans than on the British. The trouble here is about freedom. Mr Krenz is gambling that his subjects will now go home and start planning foreign holidays. But the people are on the move, the biggest spontaneous movement of Germans since the 1918 revolution. They want a change not of rules but of regime.

For the moment, the Wall and the wire stand. But poets often see farther than politicians. Hans-Magnus Enzensberger, in a book published last month in London, predicted the Berlin Wall as a picturesque relic running through a reunited city. Its remains would be coveted by developers but fiercely defended by ecologists and heritage buffs. And, sure enough, last night the physical division of Germany began to turn into history.

From 1986 to 1991 was a time of radical change. Glasnost and Perestroika in Moscow set the stage. But it was popular revolt which led to the overthrow of Communism in central Europe and the creation of new nations out of the former Soviet Union. The USSR itself crumbled and died in 1991, after an army coup was thwarted. But there was to be no change in China, where troops ruthlessly crushed democracy protests.

# War and peace, the story of mankind

Over the first 10 years of *The Independent* we have seen the most dramatic change in the way we look at war and peace since the Napoleonic Wars and the most fundamental shift in attitudes to national sovereignty since 1648. The turning point came in 1991. The bankruptcy of the Warsaw Pact and the Soviet Union, lead to the end of the Cold War and the break-up of the communist empire. And it has happened under unprecedented media scrutiny.

Ten years ago, the Cold War was at its height. So was armed conflict. We had reached the top of the gradient. In terms of the numbers of wars, and their potential destructiveness. In the last decade – for the first time since Napoleon – we have been going downhill.

Nobody would have guessed ten years ago that 3,500 British troops would be using a training area in Poland, or that a 1,200-strong brigade of Russian paratroopers would be keeping the peace in Bosnia, as one of the units under command of a US general.

Nor, for that matter, would anyone have imagined the prospect of a largely united international community taking on a Middle Eastern dictator armed with ballistic missiles and chemical weapons, and winning in textbook fashion – one of the most spectacular military victories of all time.

At the core of these changes has been the break-up of the Warsaw Pact in 1990 and the Soviet Union in 1991 – which spelled the end of the Cold War. Only now that East-West tensions have been relaxed has it become apparent how close we were to the Third World War.

When Germany was reunited the Bundeswehr found hundreds of East German vehicles in their bases full of fuel, ready to roll. And until the mid-1980s the Soviet General Staff was still trying to plan for winning a nuclear war – an impossible task.

In desperation, both sides sought ways of limiting the damage from Armageddon: the US with the Star Wars initiative of 1983, the Russians by planning to win quickly using conventional forces before Nato could take the decision to use nuclear weapons. Only in 1986 did they really see sense, and begin dismantling their machinery for fighting total war.

The reversal of the race to nuclear Armageddon was remarkable. In 1987 the US and Soviet Union signed the Intermediate Nuclear Force (INF) Treaty, resulting in the destruction and withdrawal of Soviet SS20s and US ground-launched cruise missiles.

It was followed by the Strategic Arms Reduction agreement and the Conventional Forces in Europe Treaty, which slashed the amount of weaponry between the Atlantic and the Urals.

There are grounds for hope that the most powerful states



**Christopher Bellamy**  
Defence Correspondent

have renounced war against their equals as an act of politics – ending a period of nearly 200 years since Clausewitz began to codify the aims of international conflict and its tendency to become more extreme.

But at the same time technology has given the Western powers the ability to use a big stick against lesser fry with impunity. The US would never have attacked Iraq at the end of August if only primitive tools had been available, putting significant numbers of US troops and pilots at risk.

The last decade has seen increased reliance on remotely controlled, high technology weapons able to hit accurately, eliminating or significantly reducing the risk of casualties to the side delivering them.

But this trend could be dangerous, inducing those unfamiliar with war's horrors to undertake it too lightly. The end of the Cold War stand-off, combined with increased reliance on high technology brought another revolution: the demise, after 200 years of conscript armies.

Internal conflict, and disorder appear to be on the increase. This year's authoritative yearbook from the Stockholm International Peace Research Institute noted that for the first time all the major armed conflicts in progress – 30 of them in 1995 – were internal.

The ending of superpower confrontation, and the risk of setting off the Third World War, also permitted the biggest change of all: a new readiness to intervene in other people's wars.

The watershed came in 1991. The Gulf War Allies were unwilling to move deep into southern Iraq, for fear of becoming trapped in Iraq's internal affairs. Yet only a month later, they moved into northern Iraq, to protect the Kurds.

But as the former UN Secretary-General, Javier Perez de Cuellar, said in 1991, just after the decision to move in: "We are clearly witnessing what is probably an irresistible shift in public attitudes towards the belief that the defence of the oppressed in the name of morality should prevail over frontiers and legal documents".

The shift in attitudes was partly driven by the media, leading to the widespread cry "something must be done". Not only did we report the changes in international security in the last decade: we contributed to them.



Young gun: The conflict in Bosnia touched the lives of all her people, regardless of age

Photograph: Tom Pilsten

## 'Good people wouldn't be capable of this'

Saturday, 9 November

The usual wake-up call, this time at 7.26am: dull booms, in threes, twos, then barrages of six. All phone lines are down, all refugee centres are stopped yesterday. We are truly under siege. The warning siren wails from the loudspeakers in the Old Town. It is a spine-chilling sound. The Croats have set up a mortar close to our hotel, just as they have next to hospitals and refugee centres. This may make us a target. Sooner or later, they are going to lay a couple of rounds on us.

Sunday, 10 November

I dreamed last night that the army had occupied us. I was arrested and searched. An officer slowly cut a diamond shape out of my calf and ripped the entire skin off. I think that's when I woke up.



**Phil Davison**  
Dubrovnik Diary 1991

At 9.20am, Sarah Marojica, the British consul, pinned the Union Jack to her balcony. "This declares that I am now in residence. Under the consular convention, police should not be able to come in here unless I say so,"

she says. Then sniper bullets sang out and I yelled at her to get down. The chambermaid, Mare Djanovic, fiddled with her rosary and said: "Good people would not be capable of doing this. They must be demons." Later, I passed an open room and saw Mary on the balcony, silhouetted against the sea, arms aloft, pleading with them to stop. It was a sight I shall never forget.

At 1.50pm, I was outside the hotel front door when a movement on the ridge above caught my eye. A head, perhaps a rifle barrel. I was asking the hotel policeman if the Croatian Guards had men there when it hit me. The explosion was astonishing. On my left leg around the shin. It was deafeningly loud, too, and almost knocked me off my feet. I half-crawled into the lobby and called out to two journal-

ists nearby. I remember saying, "I've been hit" and they dragged me out of the sniper's line of sight.

When I rolled up my trouser leg, it looked bad, bleeding profusely from two wounds. I turned hot and faint. Peter produced a big flask of Scotch, but a friendly refugee who was also tending me appeared to empty most of it herself. A Red Cross doctor, Didier, bandaged me. I was well enough to sip a beer as my good luck sank in.

Monday, 11 November

I got to the Medarevo hospital, which is more like a bunker. I was X-rayed and saw bits of metal surrounding my shin. Jon Jones, the *Independent* photographer, showed up when I was jabbed in the bum. He wouldn't take a picture of me like that, would he? Click, click, click.

Tuesday, 12 November

Worst day so far. The gunboats started firing after 11am and hit the city's clock tower. The hotel is packed with refugees. Straps shattered our hotel windows, cutting children.

Emerging from my shelter in a stomach-filled toilet, I see Milo, the barman, still at his post in black suit and bow-tie. Surreal. The locals are horrified. Old Dubrovnik is burning. At night, a local lady joins us. "It's a catastrophe," she says. Someone pours her white wine in the only glass available. "I can't drink wine from a cognac glass," she says.

Phil Davison was shot by sniper fire while covering the Yugoslav war. In 1992 he received the *Granada What the Papers Say* award for Foreign Correspondent of the Year.



Cry freedom: Dissident movements which brought down the old order began in the streets

Photograph: UPPA

## Poetry by candle-light as a nation stands in defiance

**Rupert Cornwell**  
Vilnius, October 1988

In Vilnius, a nation has been reborn. Forty-eight years ago, Lithuania vanished from the map of Europe as an independent state, a morsel thrown to Stalin by the ignoble Nazi-Soviet secret agreement of 1939.

But this weekend, it rose again: first in the modern concrete assembly hall on the bank of the Neris, where the Lithuanian Reform Movement, Sąjūdis, held its inaugural congress, then across the river, in Gediminas Square at the foot of the old city. The crowd gathered from every direction, slow streams of people carrying can-

dles, torches and the long-banned red, green and yellow flags of "bourgeois" Lithuania. As they approached the square, the streams became rivers of their own, of old and young, children on their fathers' shoulders, walking to the soft rhythmic chanting of patriotic songs which everyone knew by heart.

Finally, there were 200,000 of them, crushed together under a night sky like black crystal. The mood was of rapture, barely

suspended disbelief, as they listened to songs and poetry long-prohibited. The smell of candle wax filled the air. Behind, half-obscured by the haze of smoke and forest of flags, stood the old cathedral and Gediminas Castle on the hill above, guardians of a sovereign Catholic nation.

The rally was a climax of a hardly imaginable week. Hectic meetings in the modern citadel of Soviet Communist power had chosen a new reformist party leader and effectively and unceremoniously sent his Russian deputy back to Moscow, whence he had come

two years before. But even those belated acknowledgements of the need for change failed beside the inaugural congress of Sąjūdis.

This autumn, 40 years of bottled-up grievances and frustrations have been uncoiled. For Lithuania, the Baltic states, indeed the entire Soviet Union, the uncertainty is the same: where will it all end?

Rupert Cornwell was *Foreign Correspondent of the Year* in the *What the Papers Say* awards in 1988. Lithuania became fully independent in 1991, the year the Soviet Union was dismantled.

## China given a lesson in brute power

The killing around Tiananmen Square started soon after midnight. It was a different army from the unarmed one which had tried to enter the square on Friday night and failed. This one was told to kill, and the soldiers with their AK-47 rifles and armoured personnel carriers with their machine guns opened fire indiscriminately, in the air, directly at the huge crowds, at small groups, everywhere.

Lined up in rows across the Avenue of Eternal Peace, they advanced slowly, shooting all the while, then they would halt and kneel and fire directly into the crowd. They did the same at the southern end of the square. When both ends of the square were cleared, they encircled the thousands of students who had crowded on the Revolutionary Heroes' monument. Dawn broke and riot police moved in with truncheons. Everyone

expected the army. But no one expected such ferocity, such armour, such numbers.

I was at the southern end of the square at midnight, walking along the main boulevard to see the student barricades. Suddenly, two APCs appeared and roared down the boulevard, one behind the other, smashing through the barriers. They were followed by about 3,000 soldiers. One APC stalled and was set on fire by the mob. I kept walking towards a barricade of buses a mile away, where four lorries with troops and two earth-moving vehicles were trapped on either side by buses and people. Then flares and tracer bullets shone from behind me and automatic gunfire could be heard. The troops were advancing on the square. My colleague, Andrew Higgins, was behind at Qianmen Gate, the front entrance to the square.



**Michael Fathers**  
Peking, June 1989

I moved up a side street heading for the Avenue of Eternal Peace. I looked behind as I walked along the pavement. A squad of army goons, waving pistols, electric cattle

prods and batons were running towards me. They jumped me, screamed at me, pointed a pistol at my head and beat me about the legs with their batons. Several soldiers broke ranks and ran to me, punching me, kicking me with karate leaps in the back, thighs and chest. There was pure hatred in their eyes.

They pushed me down into a kneeling position and had another go at me, whacking me across the back with their rods and kicking, always kicking, until I fell over. They pulled off my spectacles and crushed them. They screamed at me. Then they took me behind a stone lion guarding the gate. If this is the People's Army, God spare China.

The smooth face of the Chinese Communist establishment appeared two hours later, dressed in cream flannels and a pastel T-shirt, the very image of "moderation" that

the Foreign Office has come to believe is the new China and whom it can trust over Hong Kong. "You have committed an unfriendly act," he said. I thought that was a bit much. "You fell over, didn't you? That's why you have that bruise on your arm."

Andrew Higgins was by now crawling in the mud in front of Mao's portrait at the Gate of Heavenly Peace, as bullets whizzed over his head. He said the young soldiers had panicked when they saw the huge crowd. But they were ordered to open fire.

It was a battlefield. It was a lesson in brute power. I blubbed when I got back to my hotel near midday. I couldn't stop. Perhaps it was shock: or maybe it was because of the carnage. I was weeping for the people of Peking. I cannot see how they are ever likely to trust their leaders again.



Rivers of  
ood in the  
lling fields



Robert Fisk

## 'New World Order' that only led to tragedy

Robert Fisk

Middle East Correspondent

George Bush promised us the New World Order, "a world where the rule of law, not the law of the jungle, governs the conduct of nations". The Gulf would become an oasis of peace from which the weapons of war would be banned. There would be - so James Baker's letters of invitation to the 1991 Middle East conference in Madrid promised the Arabs land for peace. Yet within just half a decade, the entire promise proved to be a lie.

The Kurdish tragedy, initially ignored by Messrs Bush and Major, is still being played out. Within a year, the law of the jungle was turned against the people of the former Yugoslavia and the nations which supposedly fought for the rule of law against Iraq watched supinely as the Muslims of Bosnia were slaughtered. And the Arabs who trusted Bush's promises have discovered that his successor is content to allow Israel to change the terms of the "peace process" and keep Arab Jerusalem and most of the occupied Arab territories.

Even now, few seem to appreciate the power of the explosion that is about to detonate in the Middle East. After refusing to look for the fatal flaws in the separate peace deals struck between Israel and the PLO and Jordan, the world's press is finding it difficult to explain the inevitable collapse. American commentators are insisting that a Palestinian "plot" lay behind the actions of Palestinian policemen to "turn their guns" on Israelis last month - Benjamin Netanyahu's phrase obediently taken up by the *New York Times*. Charles Krauthammer - as if Israeli soldiers had not been "turning their guns" on Palestinians for a decade. The European Union, persuaded to invest in a disastrous peace, has been denied by the US a place at the talks intended to save it. So much for the conduct of nations.

Perhaps Europe is better off than the Middle East is nothing less than the collapse of Washington's entire policy, a debacle that is likely to prove America's Suez. Just 40 years ago, it was President Eisenhower who was trying to restrain Britain, France and Israel; now it is Europe that

is trying to restrain America and Israel. For the Arabs, the inevitable losses - whom we will be asked to blame - the prospects are even bleaker.

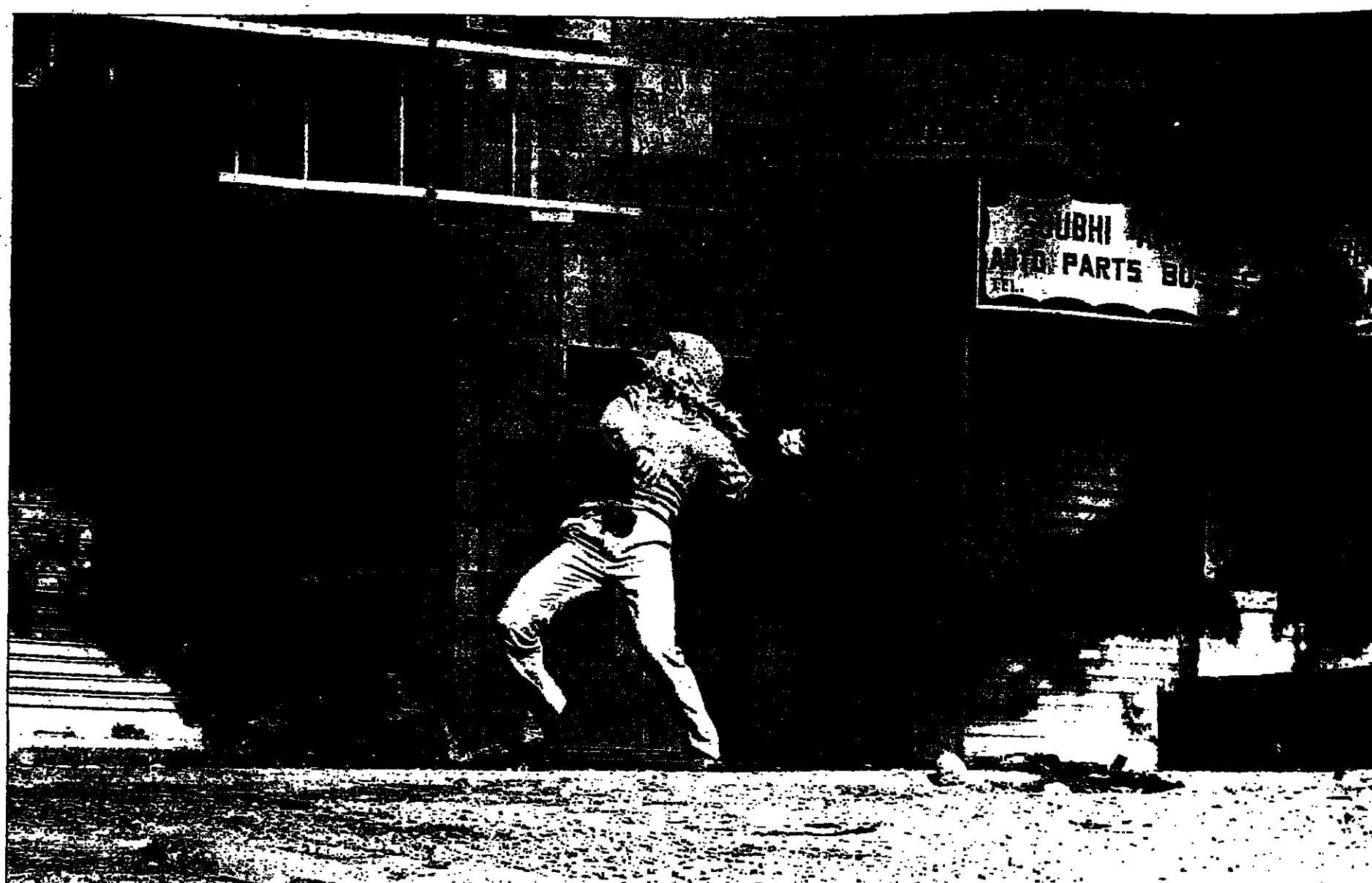
After the First World War, the British and French encouraged tribal emirs and kings to rule a divided Arab world. And after 1945, the Americans were content to see their roles taken over by Arab colonels and generals, such as King Idris and his successor Colonel Gaddafi, and King Farouk and his successors Colonel Nasser and General Sadat. Israel's own leaders were almost invariably retired generals or guerrilla leaders - Dayan, Begin, Shamir.

As long as these military cliques obeyed a set of basic rules, they were left unmolested. Their job was to suppress revolutions, either communist or Islamist. Only one revolution has come to be tolerated, now that it has been emasculated: Yasser Arafat's. And only one nation was allowed to break UN Security Council resolutions with impunity: Israel.

Now, however, the explosion - or implosion - in the Middle East is sending the first tremors of an earthquake through the barracks rooms of the Arab world. Our friendliest army officers, Mubarak and King Hussein, sold their pro-Western alliance to their peoples on the grounds that they would bring both peace and prosperity - and that America's word could be trusted.

But everything they were promised is now being taken away. A just peace is evaporating before their eyes as a right-wing Israeli government refuses to implement signed agreements and seizes more Arab land. An American president facing an imminent election not only refuses to criticise Netanyahu but fires off cruise missiles into Iraq in an attempt to sustain his image as a warrior.

And to varying degrees, all these Arab leaders are faced with a violent "religious" opposition. It murders policemen and tourists in Egypt. It sets off suicide bombs in Israel. It heads off opponents by the thousand in Algeria. We call them



Rebel souls: The relentless intifada galvanised moves towards a Middle East peace, only for it to unravel amid feelings of betrayal and disillusionment

Photograph: John Voss

## Mad rain on a morning in paradise

Robert Fisk

Chaibia, November 1989

You could not find a more sleepy lane, meandering through cypress trees past streams flooded by the night showers. This is how they used to illustrate paradise in children's books. That was when we were ambushed.

I don't like the "we". But you cannot stick a journalist's flag on top of an Algerian police vehicle, besides, the bombers would have been more than happy to know that they had a foreigner as well as 16 gendarmes as their target. And when the first bomb went off, it sounded, inside our leading armoured vehicle, like a tyre bursting behind us. But the police knew what it was.

The second bomb went off as I opened the rear door: a wall of sound and a sheet of concrete and smoke behind the second police van. I looked through my camera at the second car when there was a third blast like a massive door being slammed and, through the telephoto lens, a great curtain of roadway, grass, iron and mud streaming upwards in slow motion. A policeman ran in front of me, firing

into the yellow-flowered field to the left. A woman came screaming out of a broken-down house shrieking and imploring God and the police to stop the noise. A rain of stones and concrete thundered on to the roadway and the petrol cap of the third van came bowling down the roadway past my face.

That was when the fourth bomb went off. "Get down, get down, there may be another," the police commandant shouted. I looked around me. There was a ditch beside me, a deserted barber's shop on the other side of the road with *Coffeur des Jeunes* painted on the glass door. So we were lying on the ground when the shrapnel came pattering down again - a kind of mad rain on this beautiful morning in paradise.

Then there was silence broken only by the crying of the woman and the sound of men breathing and coughing and a voice on a radio asking if anyone was hurt and a policeman saying, very quietly, "God is Great." The gendarmes began spraying the trees with bullets,



Robert Fisk

Chaibia, November 1989

the rounds hissing into the leaves, then they fired into the fields again, the bullets thwacking through undergrowth and howling off towards the railway.

It was a perfect ambush. The Armed Islamic Group had set the roadside bombs 50 yards apart, four of them to hit the four vehicles of the patrol, each spaced out 100 yards from each other. "They were very professional," the commandant said. "They waited till we got out of our vehicles before they set off the fourth bomb, but our vans were spread out. Then they ran. They could be there." And he

pointed to the village of Chaibia, deserted now, not a soul on its streets. "Or there, or there." His finger swept across the horizon where the sun splashed merrily on the walls of hamlets almost buried behind the trees.

We trudged warily into the fields, the lead cops firing in front of them, looking for the wires, splashing through the soggy grass and stunted orchards. That was when we found the detonator lines, leading to four car batteries, carelessly covered with earth. The wires led across the fields and a police sergeant followed them, pulling them out of the mud and water like that scene in *Bridge on the River Kwai* when Alec Guinness discovers that someone is planning to blow up his bridge.

The line ended on the railway tracks. That's where they had waited for us, three, maybe four of them, listening on their scanners to the police radios. And looking back, I remembered how deserted the fields had been as we approached, even though the orchards behind us were full of workers. And I

noticed that all the windows in the village were open, to spare the glass, their owners warned of what was to come.

An old man was cutting grass in the fields. "There were some guys here this morning with hunting guns," he said. "They were shooting birds." But in truth everyone in the village must have known what was going to happen. When we left, the people did not look at us, did not even glance at the bomb-damaged van. It was as if we did not exist - which was, after all, the fate the GIA had intended for us. All that was wrong was the distance between the bombs.

"Distance. Keep your distance from each other," the commandant called. And then he said "God is great" again. The cop beside me muttered "Mohamed is the Prophet of God". Then he turned and said: "We had beautiful luck today."

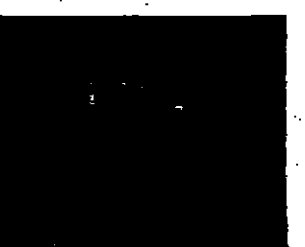
Robert Fisk won the *UK Press Gazette* award for Foreign Correspondent of the Year in 1995 and 1996, and the *Foreign Press Association* award for 1996, for his reporting on Algeria.

## Mandela - the myth made man and face of a struggle

Nelson Mandela, the myth finally made man, walked out of prison yesterday with a smile on his face, but iron in his soul. He immediately delivered a solemn warning to President F W de Klerk that while he wants peaceful negotiations with the government, he will not cede an inch in the struggle he has been waging for half a century, in the name of the African National Congress, against white-minority rule.

Any notion that Mr Mandela would prove a man with whom the government would find it comfortable to negotiate the political terms of the "new South Africa" Mr de Klerk says he seeks were dispelled with his first public pronouncements in 25 years, made to a crowd of 50,000 under the majestic shadow of Table Mountain. He endorsed the ANC's recent calls to continue the "armed struggle", to persist with international sanctions against South Africa and to intensify political protest at home, with the unique authority his words carry.

Mr Mandela's followers had endured a wait of several hours with patience for the most part, but on the fringes looters, some of them drunk, broke shop win-



John Carlin

Cape Town, February 1990

dows and threw bottles and stones at the police, who responded with birdshot, tear gas and rubber bullets. Police said one looter had died; ambulance staff said the total was four. More than 100 people were injured.

The scene at the city hall was revolutionary. The green, yellow and black ANC flag fluttered from the flagpole and a huge banner saying "Nelson Mandela - the nation welcomes you home" was draped over the upper balcony.

The lower balcony was covered in ANC and South African Communist Party flags. As the dusk gathered, pigeons returning to their niches in the Victorian baroque facade found

them filled with people perched on ledges and window sills. Opposite King Edward VII posed, wrapped in an ANC flag, while another pigeon flittered behind his right ear.

The crowd heaved and swayed terrifyingly, panicked occasionally by the shooting which crackled around its fringes and the fear of tear gas from police and army helicopters which swung back and forth overhead. They shouted down church leaders who kept promising them that Mr Mandela would appear at any moment.

At last, his wife, Winnie, at his side, Nelson Mandela appeared on the balcony. The crowd surged forward and their frustration evaporated into joy as they chanted and punched fists into the air.

Mr Mandela, 71, was sentenced to life imprisonment in 1964 for his role as commander-in-chief of the military wing of the African National Congress, Umkhonto we Sizwe. He declared yesterday that he had not budged in his commitment to "armed struggle", and would relent only once the government had created the conditions for all South Africans to express themselves with full political freedom.

Specifically, the government had to remove the state of emergency entirely and release all, "not only some", political prisoners - two steps which Mr de Klerk is not yet ready to take, but which, as Mr Mandela noted, the ANC has demanded as preconditions to negotiate the terms of a political settlement.

Mr Mandela, who succeeded in being allowed to walk out of Victor Verster prison in Paarl, conceded nevertheless that Mr de Klerk, whom he has met at least twice, was a man of integrity who had moved farther towards normalising political conditions in South Africa than any previous Nationalist leader in 42 years.

Emphasising his loyalty to the ANC and its objectives and strategies, he reiterated, stern in his reading spectacles, the organisation's call for the struggle to continue until "the basic demands" of the people had been met.

His first words to the assembled multitude set the note which he now hopes will ring through all South Africa. "I greet you," he said in a clear voice, "in the name of peace, democracy and freedom for all."



Smile Africa: An icon for a generation, he went from Robben Island to the presidency

Photograph: Glynn Griffiths

## Scenes of hell on the silent road to Baghdad

It is, they say, where Western civilisation began - one of mankind's first towns, identified in the Bible as the home of Abraham. Standing on top of the Ziggurat, the scene looked more like the place where civilisation ended.

To reach it, we had come through apocalyptic scenes reminiscent of the Somme in 1916. And although the war is over and the allies are going home, the dying may not yet be done.

A biting gale drove the rain across the deserted mudflats. The whole site, including the tombs, has been neglected and some are collapsing. Mounds of earth and pottery are forming mud slides which threaten to refill the huge hole dug by archaeologists, as if the earth had chosen to re-bury a civilisation which had come to this.

The Ziggurat, one of the oldest man-made monuments in the world, was within seconds of being destroyed by allied fire last week. Colonel David Wood, of the 101st Airborne Division, said he had targeted the Ziggurat among bunkers and other military installations when his strike force attacked the nearby airfield. He had been about to order his men to fire when one of his officers noticed the monument on the map.

Less than a mile away is the entrance to an air base. Along the runway Allied bombing has blasted holes you could drop a bus into, along lines of fighter aircraft. I counted 28, ranging from the latest Soviet-built MIG-29 to ageing MIG-23s.

Some lie broken-backed or flipped over in the mud as if some vengeful giant had kicked and stamped his way across the air-



Richard Dowden

Iraq, February 1991

field. Others are no more than shattered heaps of melted metal.

The road past Ur is a six-lane motorway, now virtually deserted except for American

patrols. All along it are the sickening remains of convoys and civilian cars hit by Allied air fire a week ago. The bodies and bits of bodies still lie across the road or have been fixed in cremated motion as they tried to scramble to safety. Near some lorries which have not burned are boxes and suitcases, burst open and exposing the sentimentality of soldiers bringing home a brightly coloured scarf or dress or a pair of children's shoes.

The US forces set up a camp on the motorway five nights ago. On the first night they gave food and water to 1,200 people. Most stayed the night in their cars to keep out of the cold, but American soldiers said the keening and wailing of those who had lost relatives had kept everyone awake all night.

Captain Shulla Swift, the commander, said he had seen horrific shrapnel wounds, burns

and many other injuries in the past five days as well as measles, dysentery, malnutrition and dehydration.

Two nights ago, when I stayed overnight in the camp, there was one family of 13, eight of whom had been turned back from Kuwait. Five had been let in. They were in a car piled high with mattresses and suitcases. The children were dehydrated and hungry and the four-month-old baby died in the night.

Captain Swift exploded with rage next morning, demanding to know why his men had not woken him so that he could have got the baby to a field hospital. This unit, like all US forces on the Euphrates, is expected to leave by the weekend. When they go, the last drop of outside help will be lost as the region, already smashed by a month of bombing and the ground war, plunges into civil war.





# Is this the end of history?

Futurology is the mania of the moment. The waning of the millennium, the folding of the Cold War chess board, the fast forwarding of technology and economics have produced a whirl of speculation about the near future of humanity. Will the 21st century bring the end of history, the end of democracy, the end of the nation state, the end of western hegemony, the rise of Islam, the rise of Asia?

Predicting the future is like guessing the winning numbers in the lottery: anything you write down looks plausible, until the coloured balls fall into place and what you predicted looks like, um, bulls. Or as EF Schumacher said: "Predictions are always unreliable, especially predictions about the future."

In 1986, when the *Independent* began, the world looked a fairly reliable place: but who predicted the fall of the Soviet Empire within five years? Not us: not the CIA; not Ronald Reagan. Ten years on the world looks hopelessly formless and unmanageable. The old global battles between various -isms and -ocracies, which (in Western eyes) dominated most of the 20th century, have ended. We are left with a world without an operator's manual: a world without political heroes.

Foreign events appear more confusing than ever: one damned thing after another. The peoples of the world, like the inhabitants of Sleeping Beauty's castle, have woken from their Cold War trance and resumed their own interrupted business, for good or for evil. Some quarrels which had seemed hopelessly tangled – the Middle East, South Africa – have begun to solve themselves. In some cases (Palestine),

they have immediately begun to tangle themselves again. Elsewhere, national and tribal enmities and ambitions which had been anaesthetised by big power politics for decades – Yugoslavia, Chechnya, Afghanistan – have sprung brutally back to life.

Attempts to fabricate over-arching patterns – Islam versus the West; Asian values versus western democratic values – can be more misleading than helpful. There is no monolithic Islamic movement against the West, more a series of loosely-connected assertions of national and religious identity. Asian values are remarkably similar to all other early-period, tooth-and-claw, capitalist values. For Singapore or Taiwan 1996, read Manchester or Pittsburgh circa 1896. The relatively mature Asian boom economy, Japan, is already beginning to behave more like a western consumerist country.

Without offering too many hostages to fortune, some trends are reasonably predictable. Global warming and population increases will make food scarcer; competition from the nearly developed world (and the burden of our own ageing populations) will make sustained growth harder for the west; the shrinking of the globe will make the squalor and corruption of the Third World harder to ignore, bringing immigrants, drugs, even new diseases, to our doorsteps.

All these issues have one thing in common: they erode the distinction between domestic and foreign events. If there is one useful, unifying theory about the way the world will turn in the next 10 years, or the next 50 years, it is this. There will be a whirlpool of con-



John Lichfield  
Chief Foreign Writer

flicting trends and forces setting Globalism in its various forms against Nationalism in its various forms.

The world is becoming smaller, more interdependent but everywhere, it seems, politics is becoming more inward-looking. Economic fashion and technological advance are tearing down barriers between nations. At the same time, the end of the Cold War has produced a surge of nationalism and national introspection.

At their most exaggerated the globalists predict the collapse or marginalisation of the nation state: even the death of democracy. The future, they say, belongs to a cosmopolitan elite of creative but ruthless technologically-literate individuals and multi-national corporations who will evade national controls, taxes and politics.

Some of this will happen. But we should be cautious. Paul Krugman, the US economist, offers a voice for common sense. "The big questions about trade and technology are a bit like global warming. The principle is not in doubt, but it is a question of scale."

The global theorists also tend to ignore an old truism: every action has a reaction. The backlash against globalism is already under way in the west, and from a surprising quarter. The market idolatry of the 1980s was associated with radical Reaganism and Thatcherism. In the 1990s, open markets have become centrist orthodoxy – a centrepiece of both Blairism and Clintonism.

In the west, the visible and strident resistance to free market ideology is coming not from the left but the far-right: Goldsmithism and Lepennism in Europe; Perotism and Buchananism in the US. These may seem like marginal forces now but they contain seeds of a potentially, powerful demagogic national-conservative reaction against globalism, maybe even against aspects of modernism, in the next 10 to 20 years.

Both Perot and Goldsmith have made fortunes as international businessmen – in Perot's case benefiting especially from the barrier-busting new technologies. And yet both now present themselves as patriotic protectionists. Meanwhile Rupert Murdoch's media empire – the paramount exponent and beneficiary of globalism – encourages editorial policies which preach often petty nationalism. The two forces, globalism and nationalism, not colliding but cynically colluding.

Efforts to respond to the new globalism by establishing supranational, regional or global political structures are not to Mr Murdoch's liking. They are, in any case, frustrated (with the partial exception of the EU) by the absence of any real regional or global constituency in support of democratic

transfer of power from nation states. In the face of the forces transforming the world, the forces for democracy, pluralism and fair competition have not yet got their shoes on.

The unappealing choice we face is a world dominated and slyly manipulated by Rupert Murdoch and Bill Gates or their successors; or, maybe, a series of nations controlled all too visibly by the likes of Pat Buchanan or John Redwood. Most unappealing of all is some form of coalition between the two: a globe controlled undemocratically by a commercial oligarchy, disguised at national level by an array of jingoistic illusions and sideshows.

Here is a related paradox. If all the above is a quarter true, the distinction between domestic news and foreign news will shrink in the next ten to 20 years. And yet almost all news organisations in the west – in Britain, in the US, on the continent – are drawing back from foreign reporting, squeezing costs, responding to introspective national moods.

The *Independent*, which made its name partly on the quality of its foreign coverage, has also been forced to cut back. But we remain committed to a substantial body of reporting on the world. The alternative would be a kind of journalistic disfunction, in which we dwell on the sound and fury surrounding national symptoms, but offer little direct reports or analysis of global analogies, solutions or causes. Will the Internet fill the gap? Can it replace the kind of enterprising and informed journalism culled from our efforts in the last ten years which fill other parts of these special pages?



Feeding democracy: Can politics be reshaped to cope with a world where economics is global but politicians think nationally?

Photograph: Glynn Griffiths

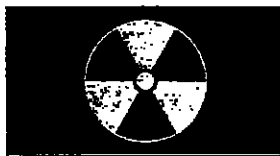
## Where we have been – and where we will go



The volume of foreign exchange traded in London has quadrupled from \$115 billion each day in 1986 to \$464 billion today. It has expanded much more rapidly than world trade, which has grown from \$2,090 billion to \$5,200 billion. As deregulation and liberalisation have become the new orthodoxy, financial markets have exploded around the world. London has been a beneficiary of that process, as the world's premier currency exchange. But the EU is planning a single currency, and Britain may not be part of it. Will the pound still exist in 2006?



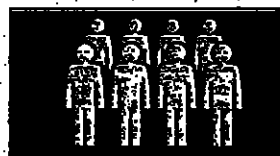
There were twelve members of the European Community ten years ago. Now it is called the European Union and has 15 members. Ten years from now, it will probably have grown to include Cyprus, Malta, Poland, Hungary and the Czech Republic and, quite possibly, Slovakia and Slovenia. We could be part of a 20-state megalith, stretching from the Atlantic to the Carpathians with nearly 450 million citizens. But depending on political events in Britain, it is conceivable that the EU may have lost a member state by then. In ten years' time, will we still be members?



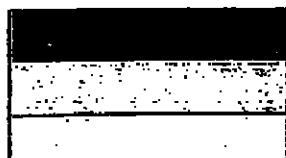
The world was full of nuclear weapons ten years ago. Cruise missiles had been recently deployed in Europe, and disarmament was a big issue. Since then agreements between Washington and Moscow have removed short-range and medium range weapons, and cut long range weapons to a fraction of their levels at the height of the Cold War. Nuclear war in Europe seems unthinkable. But other nations have moved ahead with plans to acquire nuclear weapons, notably in the Middle East. In ten years' time, will there be no nuclear weapons – or new nuclear powers?



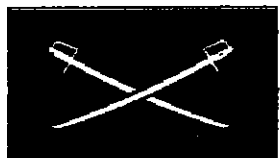
There were two superpowers in 1986: the United States of America, and the Union of Soviet Socialist Republics. The latter has gone; the former is now the sole superpower. But the US is finding it hard to get to grips with life after the Cold War, and to define its new role. Some in the US want the country to retrench, and get on with its own problems. The cost of military strength is rising exponentially. Russia is regrouping. And other countries, like China, are gaining in influence and military power. Will America still be the sole superpower in ten years' time?



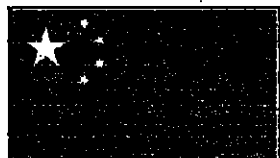
There were 4.9 billion people in the world ten years ago. Now, there are about 5.8 billion. Of that, 3.5 billion live in Asia. The population of China alone rose from 1.1 billion to 1.2 billion, that of India from 0.8 billion to 1 billion. But the fastest rate of change is in Africa, which will go from 0.5 billion a decade ago to a billion in 2006. Europe accounts for 0.7 billion people, and that will barely change between now and 2006. By 2006, it is estimated that there will be 6.7 billion people in the world.



There were two Germanies ten years ago: the German Democratic Republic (East Germany) and the Federal German Republic (West Germany). Some people (notably Margaret Thatcher) preferred it that way. But now there is one, the biggest state in the European Union. Helmut Kohl was Chancellor in 1986; he still is, a man who sees his country's future as a member of the European Union. It is economically powerful, but politically weak, and struggling to come to terms with unity. In the next ten years, will the new Germany emerge as the dominant state in Europe?



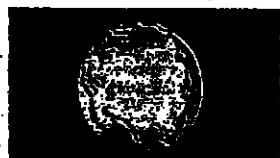
There were 41 major conflicts underway 10 years ago. That represented a steady increase in the number of wars since 1800. But we had reached the top of the gradient, both in terms of the numbers of wars, and their potential destructiveness. In the last decade, for the first time since Napoleon, we have been going downhill. Now, there are 30 major conflicts underway, with warfare increasingly a matter of local strife – however bloody that may be. But peace is still elusive in Bosnia, in the Middle East, in Northern Ireland. Will we go back to war?



In 1986 the paramount leader of China was Deng Xiaoping, aged 82. In 1996, the paramount leader of China is Deng Xiaoping aged 92. Some things don't change. But many things in China have changed in the last ten years. The prosperity and freedom of urban Chinese (in all things but politics) have grown hugely. More is likely to change in the future. President Jiang Zemin is positioned to take over power when Deng dies; but the memory of Tiananmen Square, when democracy was crushed just seven years ago, is still vivid. Can China change peacefully?

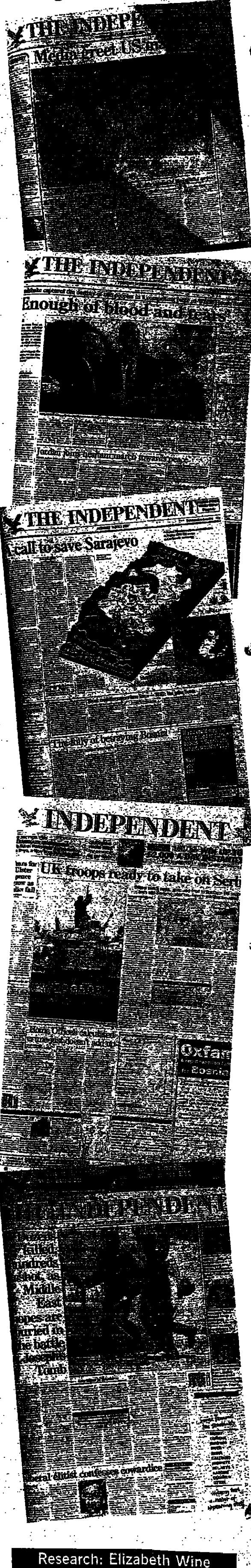


The cost of a transatlantic telephone call has halved in ten years, from £3 to £1.48 for a five minute phone call from the UK to the US. Communication has transformed the world in a decade. In 1986 there were 410 million telephone lines in the world; now there are 690 million. New technology keeps the momentum up: in 1986 there were 700,000 mobile phones in the world; now there are 87 million. Ten years ago there were 2,308 connections to the Internet; in 1996 there are 13 million, and growing. How many Internet connections in 2006?



There were 159 UN members in 1986. Since then, the number has skyrocketed: there were 185 UN members as of February 1996. Some are old countries that have joined the UN; most are new nations emerging from the breakup of multinational states: Armenia, Azerbaijan, Bosnia, Croatia, the Czech Republic, Eritrea, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Macedonia, Moldova, Slovakia, Slovenia, Tajikistan, Turkmenistan and Uzbekistan have all emerged (or re-emerged) in the last decade. Will nationalism create more new nations out of old?

## Days of our lives



Research: Elizabeth Wine



# Light at the end of the Eurotunnel fiasco

It is blissful, slipping quietly under the sea with Eurostar, the poetic reveries of Eric Cantona ringing in your ears, waking up in Paris, no bags to collect, no airport transfer to be arranged. Alternatively families beginning the long trek to an August camping holiday in the South of France can simply drive on to Le Shuttle in Kent, free from the hassles of a ferry booking or the children getting seasick. That Channel Tunnel – it's a very good thing.

The benefits to customers, businesses, and the economy of a tunnel under the sea seem obvious: choice, convenience, competitive cross-Channel travel prices. And the cultural symbolism of a land link between our island and the Continent is welcome, too.

But contrary to customers' and investors' intuitions, the operating company Eurotunnel has been a financial disaster zone. Building the tunnel took two years longer than planned and cost double its original budget. Struck with debts it could not afford to service, Eurotunnel has settled another complex financial deal with its creditors this week, to keep the company afloat.

How could something so self-evidently useful be such a commercial failure? Eurotunnel is a bad advertisement, both to voters and investors, for the Government's Nineties version of privatisation: the Private Finance Initiative. If this is what happens every

time we turn vital infrastructure projects over to the private sector, we might as well give up now. Investors won't get burnt twice.

But look at it differently. Though a commercial nightmare now, the Channel Tunnel should prove an immense economic success in the long run. Even with hindsight it was better done privately than publicly. And though the Eurotunnel example can never, and should never, be replicated, it is a valuable lesson for both governments and private investors of the benefits and limits of private infrastructure investment.

The bottom line is that the tunnel was worth building. People will use it. If we ever get round to building a high-speed rail link, even more people and businesses will travel under the sea. With the ferry companies now starting to consolidate and reduce the number of sailings, the tunnel is likely to become a veritable gold mine.

Part of the problem for Eurotunnel has been that private investors are unwilling to operate over such long horizons. Had those shareholders and creditor banks known at the start of the project quite how long building would take, how much it would cost, and how slow the returns would be, they would probably never have invested the cash. And we would have no tunnel today.

The fact that our continental link exists at all is testimony to the over-optimism of those determined to get it built



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whatever the cost. Small shareholders in particular feel peeved. But it is hard to feel too sorry for them. In the short term, they took a risk. In the long term it will pay off, if only they have the patience to stick around. In fact, it could yet prove a needed lesson in long-termism for our inconstant private shareholders and financiers.

Moreover, it is exactly the kind of project that should be privately financed. The problem with many of the projects that fall under the Private Finance Initiative is that they are merely ways for the Government to shift its own capital spending today for-

ward into immeasurable (and possibly more expensive) current costs tomorrow. A privately financed new hospital saves the taxpayer the money needed to build a public one in the short term, but costs us as the NHS trust rents the building back year by year.

Not so the Channel Tunnel. The eventual customers who pay the full price for the investment are the travelling public, rather than the government. So private investors can recoup their money without placing huge unanticipated burdens on the taxpayer.

More important, the tunnel would have been even more expensive and

even further delayed had it been publicly paid for. The fact that private money was involved proved a big incentive to get the job done faster and contain costs – far more of an incentive than if taxpayers' money had been at stake. The tension between the banks, Eurotunnel's shareholders, and the contracted companies who carried out the digging had far more impact on the eventual bill and completion date than a few officials and politicians complaining from Whitehall could ever have done. The entire point of using private finance rather than public finance is to give the companies involved stronger incentives to do the work well. By making them bear some of the risk if projects over-run, we reduce the chance of it happening in the first place.

In fact the real failing of the Channel Tunnel project was that it didn't distribute the risks and the incentives properly. Transferring the risk from the taxpayer to Eurotunnel, its shareholders and its creditors, rather than the point. The private companies who needed to bear risks and be given incentives were the ones doing the digging: the contractors. Instead, the contractors drove the project from the start, set it up on their terms and paid almost none of the cost of completing late or going over budget. No wonder Eurotunnel got into trouble. But we should be optimistic about the

future of privately financed infrastructure. Whenever great engineering projects are launched they run up against new obstacles. Unexpected technical problems arise and are resolved, and human knowledge is furthered as a result. The next time we do it better. The same is true of financial structuring. The first great privately financed infrastructure projects were bound to have teething troubles. But the more we learn from the Eurotunnel fiasco, the better we will do it next time.

## The trouble with boys and science

Have you ever wondered why there are so few women scientists? According to the deputy director general of the Engineering Employers' Federation, women who give their daughters dolls rather than Lego sets are to blame.

Nonsense. There's nothing amiss between girls and science in those early years. Girls do better than boys at every science other than physics – and it won't be long before they catch up there too. The trouble is that teenage girls are put off by the pusillimousness of the science lab, and the machismo of engineering. The fault lies with science, not with girls and their mothers.

## LETTERS TO THE EDITOR

### East German history a bad guide to EMU

Sir: David Miller (letter, 7 October) believes that the initial decline of the East German economy after unification was due to monetary union with West Germany, and deduces from this presupposition that EMU would lead to mass unemployment.

I sincerely hope that Mr Miller's letter is an example of the famous English sense of humour which I fail to understand due to the legendary Teutonic lack of same. Can he really be serious in telling us that the East German economy was once "thriving" under socialism?

The bankruptcy of the East German economy was one of the reasons for the collapse of its government, and the economy was only propped up in its latter years by hard-currency West German loans. People indeed did have jobs, because in an economy not worried by free-market considerations it apparently did not matter if a product was manufactured for 1,000 marks and sold for 500. Only after unification did the full extent of the disastrous state of the economy become known.

Although the standard of living has not reached West German levels yet, today East Germany boasts some of the most hi-tech car factories in the world and a telecommunications infrastructure superior to West German standards.

The only valid economic objection against the introduction of the West mark in East Germany is the fact that for political rather than economic reasons, one East mark was exchanged for one West mark, while the realistic market rate was 1 to 7 or even less. And I challenge your reader to find many East Germans who wish back the pre-West-mark East Germany.

Sometimes I wonder why – with the notable exception of the *Independent* and *Radio 4* – the things I read and hear in the British news media about Germany bear so little resemblance to the country I left six months ago to set up business here (which I did because the UK indeed offers many benefits it ought to be proud of and preserve against any EU onslaughts).  
Dr WOLFGANG HERRLINGER  
Bath

Sir: David Miller's thoughtful letter compares EMU with the unification of the currencies of East and West Germany.

There is less similarity than he suggests. The currencies were unified at a rate of one West mark to one East mark. A more realistic rate would have been 1 to 5, perhaps 1 to 10. EMU will happen with existing exchange rates. If these are wrong the damage has already been done. They are not, in any case, so far wrong – the currency markets do not allow them to be. Black Wednesday happened when currency misalignment was minuscule compared with the overvaluation of the East German mark at unification.

As Mr Miller points out, East Germany had been an isolated economy. This is not the case for EU economies. The UK exports between a quarter and a third of what it produces, importing about the same amount. About half of this trade is with the EU. This is fairly typical of EU member states. It is precisely by avoiding the long-term damage done by currency overvaluation that EMU will confer its greatest benefit.  
NIGEL ROPER  
London SE17



Private view of Giacometti

### Women get a raw deal at Trust

Sir: I write with reference to the letters of Lord Kitchener and John Wilks and of Lesley Webb regarding the governance of the National Trust (3 and 7 October). I fully endorse the views of Lesley Webb.

As a life member of the Trust for almost 30 years, whose intention has been to bequeath my modest estate to it, I attended its annual general meeting for the first time a couple of years ago. I was concerned by the masculinity exhibited by the senior officers of the Trust, and shocked by the sense of hostility to those ordinary members who wished to speak from the floor. "Paternal" and "patronising" are modest terms in describing that occasion.

I have not yet received the most recent annual report. I imagine, however, that the pattern of bequests varies little from year to year: 70 per cent of bequests of £2,500 and over reported in the 1993/94 report came from women. Lesley Webb's "great and good" were scarcely represented in the list.

I note that more than 25 per cent of both elected and nominated members to the Trust's council are women: in contrast, women represent fewer than 10 per cent of the executive committee. At the meeting I attended, the only woman senior officer was the head of personnel. Thus, the Trust apparently conforms to the stereotype masculine organisation in which the token woman departmental head is put in charge of that part of the organisation's activity perceived by top management as "a suitable job for a

woman". Like Lesley Webb, I have cast my vote for the motion. I fear, however, that we ordinary members will have little influence on an executive committee which contains only half of the elected members of council and which is dominated by persons who are not elected members of its council.  
JOHN THEAKSTONE  
Blackburn, Lancashire

### Time for honest political debate

Sir: You have invited views on the difficulties facing politicians in their treatment by the media (Letter from the Editor, 5 October).

The run-up to an election is a feverish time. We sadly cannot expect too much honest debate just at the moment.

But how did we get here? We lack leaders who are confident in themselves, and confident enough to allow disagreement and differing points of view to be heard. The media would not be able to have the fun they do now with the famous alleged "splits" if internal debate were regarded with benign maturity instead of panic. Similarly, if leaders commanded respect and won loyalty, even the most self-indulgent of critics would gain little support trying to undermine that leadership through destructive criticism.

It is a case of "do as you would be done by". Straightforward, reasonable, capable leadership cannot be portrayed as authoritarianism; timid vacillation,

or "followership," deserves to be exposed for what it is. My grandfather used to look for three qualities in politicians: honesty, competence and conviction (intellectual, not criminal). When he found politicians bereft of any of the above qualities, he really began to worry.

We haven't reached that stage yet. There must still be many sincere and decent people left in all parties. But to the winner of the next election, the spoils: a chance to try to set the agenda, to avoid dancing constantly to the media's tune, and to be honest about what can realistically be achieved in a medium-sized developed country at the end of the 20th century.  
STEFAN STERN  
London SW72

Sir: Yes, let us have TV debates (leading article, 8 October). But not just Major, Blair and Ashdown – we are electing a team, not a president.

Let us have Clarke, Brown and Bruce debating the economy; Howard, Straw and Beith on crime; Rifkind, Cook and Campbell on foreign policy. Add education and health, and you have six debates over the three-week campaign; not too many, surely? They could be shared between BBC and ITV and would be the high points of the campaign, requiring something more substantial than soundbites and picture opportunities. We should be satisfied with nothing less.  
Dr JOHN CAMPBELL  
London W11

### Antidote to paracetamol

Sir: As a doctor working in accident and emergency, paracetamol overdoses are the bread and butter of my weekends, along with drunks and sprained ankles. As Dr Geoffrey Brandon says (Letters, 7 October), the vast majority do not come to my lasting harm. This is often by luck alone.

Those who overdose feel perfectly well for 48 hours or so. After this time, it is too late to give the antidote effectively – the harm to the liver has been done, and may be irreversible if it is severe enough. We need an education programme to encourage "impulsive" overdoses to seek advice during this period, assuming that they have decided they do not want to die.

For reasons I can only guess at, inclusion of the oral antidote, methionine, will never catch on. A simpler measure would be to sell paracetamol only in packs of eight (the maximum safe daily dosage) rather than hundreds at a time. Of course, people could trail round several shops or pharmacies and pick up enough to harm themselves, but it might deter impulsive cases, of self-harm. As Dr Brandon says, they might "simply overdose on something else". Those intent on harming themselves will always find a way. But should this really deter us from attempting to tighten up paracetamol?  
Dr ED WALKER  
Sheffield

Sir: Dr Brandon of the Paracetamol Information Centre (letter, 7 October) is disingenuous. Many (perhaps most) of the people who overdose on prescription or over-the-counter drugs do not intend to kill themselves; their wish is to provoke medical intervention so that someone will take some notice of them and their problems. Complete recovery from the overdose is what they hope for and expect.  
SIMON GAZELEY  
Bath

### Small comfort

Sir: In June 1995 I travelled on a train which was over an hour late arriving at Euston. I claimed under the Passengers Charter and was awarded a voucher for £10. Early this year, in similar circumstances, I was awarded a voucher for £5. On 1 September I was on another train arriving over an hour late at Euston. In answer to my claim I have just received vouchers for £3. Is this what is meant by bringing down the rate of inflation, and should I feel good about it?  
CLIVE BARKER  
Hinckley, Leicestershire

### Fragrant fields

Sir: Organic fertiliser doesn't have to be smelly (letters, 7 October). Animal manure which has been processed in a biogas digester loses its smell, gives off useful energy and loses nothing of its fertilising ability – in fact it is improved. Every time I pass a smelly pig farm I think the smell represents profit the farmer is missing. Perhaps there should be a tax on smell.  
E G MATTHEWS  
Wimborne, Dorset

### A dairy farmer appeals for help

Sir: For the moment the BSE disaster is not making the headlines. I would like to give people an insight into how it has affected me and my family and many like us, to see if there is anyone who can help us out of this nightmare.

I run a herd of 120 cows and produce 700,000 litres of milk per year. My farm is rented and we have borrowed heavily to make the facilities as comfortable for the cows as we can afford.

Our milk production is restricted by a quota system. In 1984 our quota allocation was 37,000 litres approximately, which was a 10 per cent cut on what we produced in the years preceding. Since then we have been cut another 10 per cent in various lots. This seems crazy, for as a nation we are not self-sufficient in dairy products.

If you want to produce more, you have to buy or lease more quota. We have always leased, not being in a position to buy. In the last two years the price has gone up to an average of about 1.2p per litre per year. This year, because of the huge backlog of cows waiting to be culled but still giving milk – on BSE grounds they are not permitted to be used for meat because of their age – the price has reached 17.5p average. This price is totally uneconomic but has to be paid just to stay in business. Our average milk price is 25p a litre. If we over-produce we are fined 31p a litre, but the milk is still sold and used by the dairy companies.

The outcome of this is that we will have to cull 50 cows. These cows would have had several years of productive life ahead of them. Also, our young bull calves are being slaughtered at between 4 and 20 days old, for which we are paid £90 per calf. This all goes completely against what we are about in farming. We farm because we love the countryside and the tending of animals.

I went into farming to continue from my father what I thought was a worthwhile job to produce wholesome food. My father went into it because he was a prisoner in Burma had always been hungry. We are desperate for a way forward.  
TIM EDWARDS  
Burford, Oxfordshire

### What we should call Diana

Sir: In her article on Diana, Princess of Wales (27 September) Ann Treneman follows others in using the non-existent title of King Mother in relation to the Princess. I have even seen this invention in a book by a supposedly knowledgeable writer. I assume someone has misinterpreted the title of the present Queen Mother.

A queen mother is a widowed queen whose offspring, male or female, is the current sovereign. Diana, following precedents here and abroad, could be styled Princess Mother, but she could never be Queen Mother without first being a queen.  
MICHAEL ABLEY  
Chester

Sir: If as Ben Pimlott suggests (3 October) the Queen tends towards the left in politics, I presume that we can expect her shortly that Tony Blair is now in favour of the abolition of the monarchy.  
KEITH FLETT  
London N17



## essay

# Life, liberty and the purchase of influence

**Sleazy dealings at the top? Cash-for-questions in the Commons? Such behaviour is small beer compared to America, where the stupendous costs of campaigning have turned the entire political system into a machine driven and controlled by money. By John Lichfield**

The scene is Chicago during the Democratic convention in July. Robert Rubin, the US Treasury Secretary, is having lunch with a couple of dozen of the biggest wheels in Wall Street. The businessmen are paying \$10,000 a head for the right to eat chicken with the man who prints the dollar bills.

There is nothing wrong with that. Mr Rubin is not soliciting the cash for himself. He wants the money for his boss, President Bill Clinton, to help to give him another four years in the White House. The legal limit on individual donations to a presidential campaign is \$1,000. Rubin is asking each lunch guest for 10 times this amount. But there is nothing wrong with that either. Clinton's campaign is not exactly a tangle of other Democratic Party activities which are designed to help re-elect President Clinton without ever mentioning his name.

A senior Democratic Party official stands up and hails the Treasury Secretary as the "greatest fund-raiser in the history of the planet." Then he adds with a grin: "Of course, by law, Bob can't raise a dollar." Then he asks the Wall Street giants for even more money...

Such quaint rituals are being enacted all over America this election year. In truth, something of the kind goes on in every US state on every day of every year. American politics

have become a perpetual-motion, money-raising machine. It is calculated that a US senator must raise an average of \$15,000 on each day of his six-year term to assemble enough cash to stand for re-election.

The spasm of sleazy allegations afflicting the British body politic inevitably prompts suggestions that we are heading the American way. The differences between the two political systems are immense but there are many useful warnings and lessons in the US experience.

In some respects, our politicians are more ethically challenged than America's. Some of the recent UK cases of sleazy cash-for-parliamentary-questions, for instance - sound crudely corrupt to US ears. Straightforward graft, in the sense of individual enrichment, is now fairly rare in US federal politics (though not unknown at state level). Even the kind of multiple directorships legally enjoyed by some British MPs would be unethical on Capitol Hill. The limit on a US congressman's earnings outside politics is \$20,040 (£12,625). The worst excesses of personal greed - such as lobbyist-funded holidays for senators and the pillaging of permanent, interest-free loans from the congressional bank and post office - have been swept away.

On the other hand, the entire US campaign-financing system is now so permeated by big money (and the access and favours big money can buy) that



an outsider finds it difficult to see the moral, or logical, distinction between the legal and illegal. The most obvious lesson from the American experience is a depressing one. Money in politics is like rain on an old roof. It will always find a way through. Last year's repairs tend to become next year's weaknesses.

In one sense, there is nothing new in all this. Joseph Kennedy, responding to yet another request for money to bale out his son's 1960 presidential campaign, is said to have responded: "Jack, I don't mind buying you a victory, but I'm damned if I can afford a landslide."

However, the real surrender of US politics to money began in the late 1960s and 1970s with the proliferation of campaign advertising on television. Before that it was a politician's choice whether he was corrupt or not. After that, the compulsion to raise ever larger sums of cash sucked almost everyone into a corrupting system.

Here is a huge difference with Britain. During the general election campaign next year, as your favourite programme is delayed for the 17th time that week, grit your teeth and give thanks for the Party Political Broadcast. Despairing efforts are being made to

introduce a similar system of public access to television in the US and to ban, or limit, cash-for-questions ads. But previous attempts to go this route have fallen foul of the First Amendment to the Constitution, as interpreted by the Supreme Court.

US politicians are essentially entrepreneurs who raise their own funds without much help from their parties (although this is changing a little). As the cost of campaigning has soared (\$6m for the average Senate race) the relationship between the candidate and his constituency has been bent out of shape.

Consider, say, the plight of Congressman X, who faces a decision on whether to support such and such a development by the Nimby Corporation, a regular benefactor. Focus groups tell him that 20 per cent of his district is fiercely opposed. But the Nimby Corporation, and its like, provide him with the money that allows him to bombard 100 per cent of his electorate with self-justifying television ads at the next election. Which way does he vote? It was political logic of this kind, writ large, which destroyed the Clintons' admittedly clumsy efforts to push public health care through the US congress in 1993-4.

Congressmen for reform argue that the system can never

be cleaned up unless the cost of campaigning is reduced (just as drug smuggling will continue as long as people use drugs). Facts are on their side. Several attempts have been made to tighten the rules since the Watergate scandal of the 1970s. Most were still-born. A few were enacted. But the politicians and parties who passed the laws immediately found ways of by-passing them.

Since 1974 it has been illegal for any individual or corporation to give more than \$1,000 to a presidential candidate. Similar limits exist for congressional and state campaigns. The restrictions produced a boom in political action committees, whose sole purpose is to fund and influence politicians. There are 3,882 PACs now registered with the federal government. Since their activities were at least in the open and their accounts published, their rise was originally regarded as an improvement on the old traffic in dollar bills in plain envelopes. But growing concern about PAC influence produced new restrictions.

In recent years large corporate cheques have begun to flow into something called "soft money", which escapes all limits. This was the kind of money being raised by Treasury Secretary Rubin at his \$10,000-a-plate lunch in Chicago. In theory, the cash goes to the

political parties, not to individual candidates. It is then distributed at state level, supposedly for use in "soft" electoral operations such as administration, promoting the party line or the pressing issues of the day or getting out the vote. In practice, the vast amounts of soft money raised by each main party - up to \$150m this year - suggests that much of it percolates to other uses.

Certainly corporate America seems to feel that it is money well spent. US telecommunications firms have given \$4.6m in "soft" money this year, equally split between the parties. AT&T alone has given \$743,000. The tobacco industry has also given \$4.6m - mostly to the Republicans.

A further gaping loophole has been carved by a recent Supreme Court decision lifting limits on fund-raising by so-called "independent committees." These are one-issue organisations which do not operate as part of a campaign but support individual candidates, often producing television ads on their behalf. The opportunities for abuse are boundless. Meanwhile, the parties have mined more gold in the small print of the regulations. It turns out - as a final insult to common sense - that they can raise vast extra

sums to help "monitor" their own enforcement of the funding rules.

The point is not that all US politicians are in thrall to lobbyists. The point is that campaign contributions give special interests such an octopoid grip on the system that it has become next to impossible to pass any radical or intricate piece of legislation on Capitol Hill. The Clinton liberal-leaning health-care plan floundered; but so did most of Newt Gingrich right-leaning Contract with America.

The point is not that there are no more honest men or women in American public life. There are still many who play fair or at least stick to the old Texas maxim: "If you can't take their money, screw their women, drink their wine and still vote against them, you're not fit to be in politics." The point is that the system has become such a relentless fund-raising treadmill that many potentially able players are withdrawing from the game, or refusing to join.

Senator Bill Bradley of New Jersey, a thoughtful, dull politician who retires this year, complains that money is gradually driving sense out of US politics. "Money is distorting our democracy. It not only determines who wins, but often who runs. If you've got a good idea and \$10,000 and I've got a terrible idea and \$1m, I can convince people that the terrible idea is a good one."

In Britain, despite occasional personal lapses into venality, the system of financing politics has been, until now, relatively transparent and clean. Big Labour supported the Tories; Big Labour supported Labour. Individuals are banned from spending more than paltry amounts on their campaigns in any case. Even without political ads on television, this is beginning to change. There is no limit on the amount British parties can spend at national or regional level, so long as individual candidates are not named. The more professional campaign techniques introduced in the 1980s have increased the parties' desire for campaign cash.

If US experience is anything to go by, we should be less worried by the recent ugly examples of personal greed and more worried by the arch-lobbyist Ian Greer's (perfectly legal) contributions to individual and party election campaigns. There is a difference between a generic party contribution from, say, Shell, and funds provided by a man who boasts that he can fix specific problems for his clients.

A similar lesson can be learned from scandals in Italy, France, Belgium and Japan. Individual enrichment was part of the story in each case. But the big-league corruption involved corporate donations to party funds and electoral war-chests in return for specific or systematic favours.

When special-interest cash invades campaign finances the democratic will is poisoned. Individual bribes corrupt but campaign-financing bribes corrupt absolutely.

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## I hear what you're saying, but I'll ignore it



Miles Kingston

One of the most curious phrases that have emerged in common parlance in recent years is "I hear what you say."

What's curious about it is that it sounds open and frank and honest, but it isn't, because it doesn't mean what it says.

What it says is, "I am receiving what you say through my ears."

It is the obvious answer to the question put by, say, someone in a house who has been talking to his

companion in the next room for five minutes and suddenly has a cold feeling that his companion can't even hear him. Or a question put by someone in the back seat of a car who has a sudden suspicion that the driver has heard nothing she has said since she got in the back.

So they ask, "Can you hear what I am saying?" And the other person (if they can hear the question) says: "Yes, I hear what you say."

But that is not how the phrase is used in Britain today. It is used by people who are close to each other physically and far apart in every other way. When one person says, "I hear what you say," he means, "I hear what you say but I disagree with it so totally that I am not even going to bother considering it. In fact, I have already forgotten it."

This, unfortunately, is the way much modern debate is conducted, by exchanging chunks of pre-scripted ideas. A debate should consist of speakers listening to each other and

considering each other's arguments, and, quite possibly, changing their minds. But it is ever like that? When politicians call for a national debate, is that what they want? Is this how Dole and Clinton debate? Do you think one or other of them will ever nod thoughtfully and say, "Good point, Bill - I hadn't thought of that," or "Gee, you're right Bob; you've changed my mind on that one?"

Of course not. Everyone hears what the other man says. And then ignores it. Luckily, there are certain give-away phrases which betray the presence of the process. In fact, English discussion is riddled with these phrases, phrases like "I hear what you say", all of which mean "I have courteously kept quiet while you were speaking, but I am about to ignore everything you have just said, because what I am about to say is the truth."

Here is a working list of these phrases. If you hear more than five of them in a conversation, I suggest you

walk away from it. Especially if you yourself have uttered most of them.

"That's all very well but..."

"That may well be so but..."

"Yes, I catch your drift, but..."

"I can see where you're heading but..."

"I take on board what you say..."

"Even assuming that to be the case..."

"You may well be right but..."

"With respect..."

"With the greatest respect..."

"I see what you mean..."

"I see what you're getting at..."

"I think I can see what you're driving at..."

"Nevertheless..."

"Notwithstanding..."

"Still and all..."

"Mutatis mutandis..."

"Other things being equal..."

"So what you're saying is..."

"I take your point, but..."

"The point, surely, is that..."

"We mustn't forget that..."

"What we have to remember is that..."

"What it all comes back to..."

"This doesn't alter the fact that..."

"We mustn't lose sight of the fact that..."

"When all is said and done..."

"At the end of the day..."

"When the chips are down..."

"What it's really all about..."

"In the real world..."

At which point, you are only a stage away from the position in which people shout at each other "Get real!" or "Get a life!", two other meaningless phrases with which the British now like to prolong the life of an already dangerously ill conversation.

Note: students of English as a foreign or second language may like to know that all the above empty phrases are more or less interchangeable and can be used vividly and idiomatically at almost any time.

APYICOL 20







Reuters scheme on the rocks after the Chancellor claims move against special dividends will save Exchequer £400m a year

## Clarke cracks down on City buybacks

TOM STEVENSON  
City Editor

Reuters shelved plans to hand back £613m to its shareholders yesterday following an unexpected clampdown by the Chancellor of the Exchequer on a loophole that allows tax-exempt investors such as pension funds to reclaim tax credits on special dividends and share buybacks.

Kenneth Clarke, the Chancellor, shut the door on the benefit which he claimed was costing the Exchequer £400m a year in unpaid tax. The move was widely criticised by tax experts and companies alike as "overkill" and described as no more than political point scoring on the first day of the Tory party conference.

Reuters said yesterday it had decided to put off the planned repayment of most of its £250m cash pile until it had had a chance to study the changes which will be detailed in the Finance Bill following this year's Budget.

Its complex proposal had envisaged a phased repayment of 27.5p a share combined with a 5 per cent reduction in the company's share capital.

Although not mentioned by name in the announcement, the clampdown is understood to

have been prompted by Reuters' proposed scheme, which was to be voted on today by shareholders. Mr Clarke is thought to view it as the final straw at the end of a series of buybacks and special dividends that have transferred £7bn from companies to their shareholders so far this year.

Mr Clarke said yesterday that gross funds would no longer be able to claim tax credits on either share repurchases or special dividends that were linked to other transactions such as share consolidations and takeovers. Reuters' plan, which involved a share consolidation designed to return cash to shareholders while still maintaining the group's earnings per share, is the first victim of the changes and its shares closed 22p lower at 755p. Other companies, such as Barclays, which had indicated its willingness to pay cash back to shareholders in this way, will be caught by the ban.

Other recent transactions that would not be possible under the new rules include a £450m special dividend used by Granada to sweeten its offer for Forte. A similar 40p-a-share special payout in this week's offer from SHV for Calor is now under threat.

Mr Clarke said yesterday:

"We have seen recently companies buying their own shares or paying special dividends in such a way that the proceeds end up almost entirely in the hands of those who are entitled to payment of a tax credit. This has costs for the Exchequer, and if action is not taken soon that cost would escalate. I therefore propose to bring forward legislation in the next Finance Bill to remove payable tax credits in some circumstances."

He added: "The Inland Revenue will continue to monitor the situation, and we will not hesitate to take any necessary further action should further evidence of abuse appear."

The changes proposed by the Chancellor mean that although the affected special dividends and share repurchases will still qualify as distributions of profits, and oblige the companies making them to pay the associated advance corporation tax to the revenue, they will no longer give the recipients the right to claim that tax credit back.

One senior tax accountant described the move as a deliberately complex way of raising revenue without risking a politically dangerous all-out attack on pension funds. He said it represented a "shot across the bows" which would warn the funds that their current tax privileges, including tax-free ordinary dividends, were not sacrosanct.

After initial consternation on the stock market, analysts said closer scrutiny of Mr Clarke's proposals revealed only a "very small negative".

Steve Wright, equity strategist at BZW, said the closing of the loophole did not necessarily mean the end of the share buyback, which remained an attractive way for companies to reduce their capital base. Ordinary special dividends, not linked to other transactions, are unaffected and remain an option for cash-rich companies such as the utilities to hand excess funds back to shareholders.

He added that some companies, mainly high yielders, might benefit from the move which would encourage investors to replace the high levels of income they have gained from the £7bn of recent repurchases and special dividends. Railtrack, Hilldown Holdings, BAT and United Biscuits rose yesterday.

Others were more critical of the proposed changes. Roger Murray, a partner at Ernst & Young, said: "This move has wide-ranging effects. It will be a major impediment to over-capitalised companies returning cash to their shareholders. Ordinary share buybacks, which do not specifically target tax-exempt shareholders should have been left outside the net."

Simon Laffin, finance director at Safeway, which returned £208m to shareholders earlier this year, said: "The Chancellor hasn't thought through why companies do these buybacks. They are trying to reduce the cost of their capital so they can invest more. He is attacking the competitiveness of British industry."

Comment, page 23  
Market report, page 24



Unexpected move: Kenneth Clarke (right), who announced the end of a loophole for PEPs and pension funds yesterday

## The incentive for pension funds

ROGER TRAPP

The complex world of share buybacks, special dividends and financialised takeovers that the Chancellor has attacked is littered with arcane terms such as Advance Corporation Tax and tax credits and is rooted in the different tax treatment of institutional and individual shareholders.

To understand the heart of the issue, it is best to start with how an ordinary dividend is taxed. Imagine a company that pays out an ordinary dividend of £80. This would be liable to ACT of 25 per cent, or £20. If the profits of the company are £100, the corpora-

tion tax payable will be £33. But because the company has already paid £20 in ACT, the actual amount to pay will only be £13.

The shareholder, on the other hand, receives a tax credit of £20 on the £80 dividend. This is because of the "imputation system" devised some time ago to prevent investors paying tax that the company has already paid, otherwise known as double taxation.

If the shareholder is a taxpayer, he or she will use the tax credit to meet any tax liability. Indeed, if the individual pays tax at the marginal rates of 20 or 24 per cent, the credit settles the tax liability. If the individual is a higher rate, 40 per cent taxpayer,

he or she meets the difference. However, certain shareholders – estimated at 70 to 80 per cent of all shareholders – are exempt from tax and can get back the tax credit from the Government. Individuals who have got tax losses or sufficient personal allowances fall into this category.

But the typical tax-exempt shareholder is a pension fund or a personal equity plan, and in this case would enjoy a dividend of £100 rather than £80, giving it a clear incentive to participate in the sort of share buybacks, special dividends or sweetened takeovers that the Chancellor has targeted.

The Revenue anticipates the

clampdown by the Chancellor will work in much the same way as the recently introduced foreign income dividend, or FID. This takes account of the fact that foreign income earned by a company will have been taxed at source. Though the difference is immaterial to the individual shareholder – unless he or she does not pay tax – it matters to pension funds because they cannot get a tax credit from the Exchequer. As a result, the dividend is worth less to them.

It is thought that yesterday's move makes the abolition of ACT – which is often mooted and attacked by institutional shareholders – less likely.

## Stagecoach in undertaking on predatory policy

MAGNUS GRIMOND

The Government yesterday accepted undertakings from Stagecoach, the aggressive Perth-based bus operator, which will curb its ability to mount controversial predatory pricing policies against rivals in the North-east of England.

The agreement, announced by John Taylor, the corporate and consumer affairs minister, comes after more than a year of tough negotiations with the Department of Trade and Industry in the wake of the collapse of the 90-year-old Darlington Bus Company. The collapse was blamed on a price war initiated by Busways, a Newcastle-based subsidiary of Stagecoach.

The failure of Darlington Bus prompted a Monopolies and Mergers Commission inquiry which, in August last year, slammed Busways' actions in Darlington and South Shields as "predatory, deplorable and against the public interest".

The MMC demanded undertakings from both Stagecoach and Go-Ahead Group, another quoted bus operator which also commands more than a quarter of the North-east market.

Yesterday's agreement commits Stagecoach not to raise prices or reduce bus services for three years on any route where

its price cuts have forced a rival to abandon a service. It comes after around 25 MMC reviews into the group's activities and is similar to undertakings demanded by the DTI in others areas of the country where Stagecoach has acquired bus operators, including Ayrshire last November and Lancaster in June.

There was no news yesterday on the position of Go-Ahead, which sources say has been less willing to give ground in negotiations with the Department.

John Conroy, managing director of Busways, said the company had not agreed with the conclusions of the Monopolies Commission report, but it had "willingly" given the undertakings required. "And I can assure you that we will continue to compete both fairly and effectively in the future despite the guarantees." He claimed that competition in the North-east was now sustainable. "There is no predatory behaviour. There aren't a few small operators in our area, but there are a number," he said.

Shares in Stagecoach, boosted recently by an upgrade in profit forecasts by UBS, its broker, gained another 22.5p to 577.5p yesterday. Analysts said the deal would be good for sentiment but would not make a big difference to the shares.

## Sir Alastair may get honorary Tunnel title

MICHAEL HARRISON

Sir Alastair Morton, who retires as co-chairman of Eurotunnel in three weeks, may be given the title of honorary president in recognition of his pivotal role in getting the Channel Tunnel built and rescuing it from its financial crisis.

The idea of conferring the title of President of Honour on Sir Alastair is understood to be under examination although no decision has been reached. The principle of awarding such a title to men and women who have made an outstanding contribution to a company's fortunes is well established in France.

The trend is increasingly crossing the Channel. Lord King of Warrnaby was made honorary president of British Airways in recognition of his

contribution in leading the airline into the private sector. Lord Weinstock, who handed over the reins at GEC last month after 30 years at the helm of Britain's most prominent engineering company, has been made chairman emeritus.

Sir Alastair joined Eurotunnel in the spring of 1987 and is widely credited with pulling off the £770m share issue later that year. Without the equity issue, bank funding for the tunnel would not have been forthcoming and the project would have collapsed.

Since then he has steered Eurotunnel through one financial crisis after another, fighting the company's corner against both its contractors and its banks, culminating in this week's agreement to reschedule its £8.7bn debt mountain.

## Dawn raid puts Blenheim ahead

MATHEW HORSMAN  
Media Editor

The roller-coaster ride at bid target Blenheim took a dramatic turn yesterday, when VNU, the Dutch publishing giant, mounted a dawn raid to scoop up 15 per cent of the exhibitions group at 500p a share. The shares raced ahead 28.5p to close at 464p.

Blenheim issued a statement to the Stock Exchange, saying that it would continue to talk to all parties and that an announcement would be made "at the earliest opportunity". The statement fuelled speculation that bid talks continued with both Reed Elsevier and United News & Media, the two original suitors for Blenheim.

The dawn raid, which took the market and other potential bidders by surprise, gives the Dutch

company a platform to mount a full bid in the future, a prospect it did not rule out yesterday.

For now, however, VNU said it viewed the investment as a strategic one. A spokesman denied the move was a spoiling tactic to lock out other bidders for Blenheim.

The exhibitions company has been in the takeover limelight since early summer, when it emerged that United News & Media, which has amassed a 2 per cent holding in Blenheim, had made an approach pitched at about 450p a share. But the bid faded away following tensions over the amount of financial information it would be allowed to review.

Reed, the other leading bidder, had believed early this week that it was on track toward an agreed bid pitched at 480p

a share. Analysts said that confirmation of Reed's bidding intentions, published in *The Independent* on Monday, had helped convince VNU to make its pre-emptive move.

The 500p share offer has effectively created a new floor for an eventual bid for Blenheim, analysts said yesterday. They added, however, that the 15 per cent stake taken by VNU was difficult to understand, unless the company was planning to make a full bid soon. One analyst commented: "Certainly this gives them a place at the table, but at what price?"

Other analysts speculated that the move was designed to ensure VNU could negotiate for bits of Blenheim assets to be sold off separately following a bid.

Reed had no comment yesterday. But it is understood

the company and its advisers had been wrong-footed by the VNU move, and spent yesterday reviewing their options.

It is thought VNU had first approached Blenheim in late summer, but had not held any substantive talks about a takeover. Insiders at the exhibitions company said yesterday that at least one other potential bidder, based in the US, was in the wings.

VNU publishes magazines in Europe and the US, with an emphasis on the computer and other consumer end of the market. It has a very limited number of exhibition operations in the US and Europe.

The company said it was seeking ways of developing the synergies between publishing and exhibitions, a combination that has proved lucrative for Reed Elsevier and United.

## United wages soar after Bosman

NIGEL COPE

Manchester United yesterday revealed that the Bosman ruling and the Alan Shearer transfer from Blackburn to Newcastle had caused a surge in player's wage inflation that had increased its wage bill by £5m a year.

Martin Edwards, the club's chief executive, said the Bosman ruling, which enables the free transfer of players within the EU if they have come to the end of their contracts, had pushed the club to sign new longer-term deals with

all five of its new foreign imports as well as eight others of its first team squad.

The four- and five-year deals cover Karel Poborsky, who joined United in a £3.5m deal from Slavia Prague, and Ole Gunnar Solskjaer, the Norwegian striker. Players such as Gary Pallister, David Beckham and Phillip Neville have all renegotiated their contracts. Negotiations with Ryan Giggs are continuing.

The club said the wage spiral "could not continue".

Mr Edwards also revealed that the withdrawal of the team's unpopular grey kit last season had cost it £200,000.

The details emerged as Manchester United announced profits excluding transfer fees of £16.7m for the year to July 1996. This compared to £16.3m the previous year. The figures were held back by lower sales due to the reduced capacity at its Old Trafford stadium in the early part of the season due to building work on a new stand.

Mr Edwards said the club shop was taking £25,000 per home

game at the beginning of the season with the reduced capacity. The figure rose to £75,000 by the end of the season when the new stand was completed and the capacity was expanded to 55,000.

He said the current "take" per game was £1.4m, almost double the figure in the 1993-94 season. Net expenditure on transfer fees was £1.3m.

A new museum and a third store are planned. The club is also looking at a new 100-acre site for a new training facility. Investment, page 25

## Merrill shake-up as new trading system looms

PETER RODGERS  
Financial Editor

Merrill Lynch yesterday announced a restructuring of its UK market making desk in a move which foreshadows widespread changes in the City ahead of the start of a new stock exchange trading system next year.

Merrill said it was cutting back its UK equity trading desk from 64 to 50 people and setting up a new structure in which the top 100 stocks were to be traded as a distinct group.

This anticipates how the market will work in a year's time when the exchange introduces an order driven system for the FTSE 100 stocks.

Although the changes at Merrill are relatively small, there may be similar restructurings across the equity market as the date for the start of the new trading system approaches. Cumulatively, there could be significant job cuts.

The new system will automate the trading function so that sales are input to a computer and matched to buyers at a given price. This will do

away with the job of market making in its present form.

The changes at Merrill, which bought the market makers Smith New Court nearly two years ago, will take place next January, though the exchange does not plan to make its own switch until the fourth quarter of next year. Merrill's present system trades stocks by sector, irrespective of size.

Michael Marks, co-head of global equities at Merrill, said the move was not just a result of the changes at the Stock Exchange. Clients were tending to buy and sell shares in the top 100 as a block, and the company would probably have decided to establish a separate desk to trade these large stocks whatever happened.

Mr Marks said he did not know whether other firms would do the same but added: "Everybody must be thinking through the numbers."

Adrian Pinkus is to head the new FTSE-100 trading team at Merrill and David Smith will be in charge of other UK stocks. Some of the 14 losing their jobs will be relocated in the firm.

STOCK MARKETS					
Index	Close	Day's change	Change (%)	1996 High	1996 Low
FTSE 100	4035.80	+4.10	+0.1	4035.80	3632.30
FTSE 250	4435.30	-5.70	-0.1	4568.80	4015.30
FTSE 350	2006.10	+1.10	+0.1	2006.10	1815.80
FT Small Cap	2177.22	-2.93	-0.1	2244.39	1984.06
FT All Share	1878.92	+0.77	+0.0	1878.92	1791.95
New York	5990.25	+10.44	+0.2	5992.86	5082.94
Tokyo	21038.53	-122.48	-0.6	22658.80	18734.70
Hong Kong	12108.76	-26.31	-0.2	12133.07	10204.87
Frankfurt	2691.17	-11.47	-0.4	2702.54	2253.35

INTEREST RATES					
Index	1 Month	3 Month	6 Month	1 Year	Long Term
UK	5.81	5.19	7.40	8.14	7.54
US	5.22	5.08	6.49	6.10	6.79
Japan	0.38	0.53	2.78	2.71	6.35
Germany	2.87	3.19	5.99	6.58	6.81

BOND YIELDS					
Index	1 Month	3 Month	6 Month	1 Year	Long Term
UK	5.81	5.19	7.40	8.14	7.54
US	5.22	5.08	6.49	6.10	6.79
Japan	0.38	0.53	2.78	2.71	6.35
Germany	2.87	3.19	5.99	6.58	6.81

CURRENCIES					
Index	Close	Day's change	Change (%)	1996 High	1996 Low
£/\$	1.5632	-0.006	-0.37	1.5775	1.5632
£/DM	0.6397	+0.02	0.33	0.6397	0.6397
£/¥	152.72	-0.32	-0.21	152.72	152.72
DM/\$	1.9361	+0.01	0.05	1.9361	1.9361
¥/\$	106.11	+0.01	0.01	106.11	106.11





COMMENT

Will the Chancellor go a step further in the Budget and lop another chunk off the tax credits pension funds can claim on dividends? This is a tempting target but it would also be an unpopular one

# This wonderful wheeze was bound to be stopped

Perhaps the biggest surprise about Kenneth Clarke's crackdown on share buybacks is that anyone should have been surprised by it. And yet they were, in the City at least, where for some bizarre reason nobody can ever understand why chancellors should want to call a halt to highly lucrative tax schemes of this sort.

In fact, the demise of this wonderful little City wheeze became pretty much inevitable the moment Reuters came out with its own particular mutant version. This was so "in yer face" to the Revenue, that it could hardly have been ignored. Reuters wanted to find a way for small, tax paying investors to share in the tax credit bonanza these schemes mean for pension funds and other non-tax paying shareholders. What it came up with was certainly clever. But while its motives may have been honourable enough, this was also pretty self evidently the scheme too far and it seems to have killed it for everyone else.

To be fair, Mr Clarke would probably have done something with or without Reuters. According to the Treasury, share buybacks and special dividends linked to takeovers or share consolidations are costing the exchequer a minimum of £400m a year. What is already a flood was in danger of turning into a deluge, with even the mighty BT rumoured to have been working on something of the sort. That really would have been the mother of them all – the buyback to end all buybacks. Perhaps thankfully, Reuters got there first.

Companies that engage in buybacks generally insist that their tax attractions are merely icing on the cake, that the primary purpose is nothing to do with tax. What it's about, one well meaning executive explained yesterday, is capital efficiency and earnings enhancement. Shareholders demand "focus" in business these days and it is only right that excess capital so generated should be paid back to shareholders. So with the tax break removed, will he be forging ahead with a buyback regardless? Er... ummm. Well let's spare him the embarrassment and answer the question for him. Somehow this seems rather unlikely.

While the Revenue was prepared effectively to foot the bill of paying a premium on share repurchases, companies in a position to undertake these things would have been positively falling in the easy to justify duties had they not done so. Now the tax perk has gone, the rationale becomes much more questionable. Companies that can afford to will continue to pay special dividends as a way of distributing surplus capital, but the buyback will vanish like summer snow.

Will the Chancellor go a step further in the Budget and lop another chunk off the tax credits pension funds can claim on dividends? Certainly this is a tempting target for a revenue hungry Government, but it would also be an unpopular one. It is hard to justify yesterday's action, for the target is essentially a City wheeze which though it primarily

benefited pension funds, most people would disapprove of. Attack the tax exempt nature of pension funds and you begin to hit people where it hurts. Immediately you are in much more difficult territory.

## MMC's North-east fishing expedition

Predatory pricing is a slippery fish. It is notoriously difficult to catch and, even when the offender is caught dead in the water, it is often too late to help the victim. It will be educational, therefore, to see whether the Monopolies and Mergers Commission succeeds in netting the two bus operators, Stagecoach and Go Ahead up in the North-east.

In order to remove their incentive to price in a predatory manner with the aim of killing off the competition, the MMC has decided that any fare reductions and new services they introduce must be maintained for three years. Similar strictures have already been applied to Stagecoach in Lancaster. Stagecoach, which ought to consider setting up a permanent suite in the OFT is minded to accept. Go Ahead appears less happy.

Now it may be that such undertakings will work in the bus market where the cost of fares to uneconomic levels cannot be borne for any length of time. There again, the likes of Stagecoach have deep pockets

and, if there is one way to ensure nobody else has the headroom to muscle in on your bus route, it is to keep ticket prices at rock bottom for three years.

Whether such action would work in other sectors of the economy in the intended way is another question altogether. Just imagine what would happen to the nation's independent bakers if the supermarket stores were ordered to keep the price of a loaf at under 19p until the next millennium.

## Blenheim resistance paying off

It seems that Neville Buch, the often criticised chairman of the exhibitions group Blenheim, was right after all to resist offers from the likes of United News & Media and Reed Elsevier. Neither bidder wanted to go anywhere near the 500p-plus level demanded by Buch and his shareholder-directors, who between them speak for about 40 per cent of the company. United and Reed wanted to get the company on the cheap, they insisted, taking advantage of the City's failure to recognise the value of exhibition franchises.

Neither United (best offer 450p a share) or Reed (480p) expected to be wrong-footed by the likes of VNU, whose \$90p a share dawn raid yesterday gives it a strategic 15 per cent stake and a place at any negotiating table

here on in. Does VNU (and, of course, Blenheim management) know something that has escaped the attention of Reed and United? Just what is the company worth?

Certainly exhibition companies are valued much more highly in the US, home to the world's biggest exhibitions. Softbank, the Japanese-backed group, has been buying up US exhibition companies with wild abandon, and paying top dollar for them. The exhibitions market is highly cyclical, for expenditure of this type is an easy target for cost cutting in any business downturn. However, when times are good, like now, they can be highly lucrative.

Moreover, there are undoubtedly synergies between publishing and exhibitions, as Reed, in particular, has proved. Exhibition goers can be attracted from among the ranks of specialist magazine readers, for example. Consumer interest in trade shows can also be generated by cross-promoting them through magazines. Mix in the new technologies like CD-Roms and on-line services, which increasingly feature in the trade show and exhibitions market, and there is the likelihood of even firmer growth in the future.

Granted, this is a volatile business which needs light management control, something that has been lacking at Blenheim in the past. But when well-managed, the business opportunities are excellent. Buch knows that, and it looks like Reed and United will have to up the ante quite a bit to stay in this game.

# Gallagher to be spun off from American Brands

DAVID USBORNE  
New York

Britain's leading tobacco company, Gallaher, the maker of the popular Benson and Hedges and Silk Cut cigarette brands, is to be spun off from its US parent, American Brands.

The manoeuvre, under which London-based Gallaher will make a \$1.4bn (£896m) payment to American Brands, is a direct result of the darkening environment for tobacco companies in the US, where the industry is facing multiple legal challenges and new regulatory difficulties.

By shedding Gallaher, American Brands will finally cut all of its links with the tobacco industry. The company sold all its US-based tobacco interests, the American Tobacco Company, in 1994 for \$1bn. Under this transaction it will also re-name itself Fortune Brands.

News of the deal led to an immediate 10 per cent gain in the stock price of American Brands in early New York trading yesterday. Officials said that it would get the company out from the shadow of tobacco litigation in the US. By decoupling from American, the effect should be the same for Gallaher in the US although the company may soon face the first group action in by smokers in the UK. Gallaher's shares will be listed on the London Stock Ex-

change as well as on the New York Stock Exchange in the form of American Depository Notes.

"The spin-off will allow the managements of the two companies to focus exclusively on strategies and objectives geared to the very different financial, investment and operating characteristics and growth potential of their companies," Thomas

## BAT memo 'discussed revealing health risks'

An American subsidiary of British American Tobacco discussed coming clean to the public about the health risks of smoking as a market strategy, according to a 16-year-old internal company memo. Fear of lawsuits apparently quashed the proposal, writes David Usborne.

The memo, apparently circulated in 1980 among managers of TW Kidd, the maker of Lucky Strikes and Kool, has surfaced as evidence in a lawsuit filed by the state of Minnesota against tobacco companies. The discovery of the memo could be acutely embarrassing for BAT and all the cigarette firms.

"We will come to be judged alongside the liquor industry as being socially responsible, in that we acknowledge our prod-

ucts can be harmful in excess, and we show due care in warning against excess," the memo stated. It recommended admitting that smoking, combined with other factors, such as "genetic predisposition, air pollution and psychological temperament" could cause lung cancer and other diseases.

Minnesota is one of 17 states suing the tobacco industry and attempting to win compensation for state money spent on treating smoking-related illnesses. "This is an astounding disclosure," Hubert Humphrey, the state attorney general, declared. Lawyers for BAT said they would only respond in court. They said it was not clear who had written the memo or what their seniority was.

Gallaher would need to borrow the \$1.4 bn to pay off American Brands.

The announcement may direct attention once more on RJR Nabisco, which has repeatedly come under pressure from some shareholders to separate its food division from its tobacco units, because of the depressive impact of the tobacco litigation on RJR stock. The company has so far resisted, however, citing uncertainty over the litigation and legislative processes as reason for caution.

The American-Gallaher spin-off is scheduled for completion within about 10 months. It may be complicated, however, by tax matters which, because of the international nature of the transaction, risk becoming unusually tangled.

Mr Hays added: "We believe that by creating two financially strong, publicly traded companies, each of which will be solidly positioned for profitable growth, we will enhance the prospects for both operations and increase shareholder value."

American Brands added in a statement: "Since Gallaher will be recognised more clearly as a UK/European tobacco manufacturer operating in an environment significantly different from the current US tobacco litigation and regulator environment, the value inherent in that operation should be more apparent."



Spin-off: American Brands will shed the Silk Cut and Benson and Hedges cigarette operations

# Hyman quits in reshuffle

PETER RODGERS  
Financial Editor

Howard Hyman, deputy chairman and head of corporate finance at Charterhouse Bank, quit yesterday in the first public reshuffle announced by Michael Hefher, the new chief executive who came from BT.

Mr Hyman is thought to have been paid more than £350,000 a year and is likely to receive at least a year's severance pay.

His departure after less than two years in the job is believed to have been prompted by Mr Hefher's decision to hire a new senior corporate finance specialist to bring together the businesses of Charterhouse and its two parent banks, CCF of France and BHF-Bank of Germany.

Mr Hyman's speciality is UK corporate finance and the new multinational structure left him out on a limb, leading to the decision to quit. Charterhouse said his contract was being terminated by mutual agreement. The bank added that it was "looking to recruit a senior individual with a strong background of cross-border expertise and multi-cultural knowledge."

The bank and Mr Hyman said they had concluded that this new structure would not provide adequate scope for his creative talents and energy. The upheaval comes only three months after Mr Hefher arrived.

## IN BRIEF

• German unemployment rose unexpectedly by 39,000 last month, after adjusting for normal seasonal changes, contradicting the message of other recent indicators that the country's economic recovery is well under way. August's jobless increase was revised up to 22,000 (from 14,000). The unemployment rate fell a fraction, however, to 10.1 per cent. Economists, looking on the bright side, said the figures augured well for company productivity, as they indicated that recent output gains had been made without taking on new employees.

• Laura Ashley is taking direct control of its product distribution network from Federal Express, the American transport company, for £1m. The company will take over a distribution centre, and its accompanying 371 employees in Wales. Laura Ashley does not expect any job losses due to the change. FedEx will continue to provide air transport for Laura Ashley's international distribution.

• Coca-Cola, the world's biggest soft drink producer, opened its 18th plant in China in the north-eastern Chinese city of Harbin at a cost of \$22m (£14m). Douglas Dart, senior vice-president of Coca-Cola, said sales in China have just exceeded 200 million cases, up from 187 million cases in 1995. Coke plans to have 23 plants operating in China before the end of next year involving total investment of \$500m. Separately, PepsiCo plans to bring the number of its plants in China to 17 within three years. - Bloomberg

• Bradford and Bingley Building Society will shed staff at its head office in Bingley, west Yorkshire, where approximately 2,000 people are employed. A spokesman said a target for job losses had not been set but stressed there would be no forced redundancies. The building society has reviewed its business and intends to reorganise along three business lines – commercial lending, savings and home loans, and independent financial advice. "At the end of 18 months we expect there to be less jobs than there are now," a spokesman said, adding reports of 1,000 job losses were too high.

• The Monopolies and Mergers Commission has been given a further six months to report on the supply of eight categories of electrical goods in the UK, said the Department of Trade and Industry. The categories are: televisions, dishwashers, hi-fi systems, camcorders, tumble driers, cold food storage equipment, video-cassette recorders and washing machines. The MMC was asked on 27 April 1995 to study the markets to identify any monopoly situations.

• Contracts worth £350m were signed by two UK companies to supply trains and equipment for Bangkok's new mass transit system. Adtranz will supply 43 four-carriage trains and signalling equipment and Balfour Beatty will supply trackwork and station layouts for the Bangkok Elevated Road & Train System project.

• The EU Commission said it has cleared a joint venture set up by British Gas and Group Four Utility Services to supply meter reading services to gas and other utilities in the UK. The joint venture, to be called Accu Read, will initially be the sole supplier of meter reading services but competition will emerge as other utility suppliers start up similar activities, the Commission said.

# Bagri defends role of LME

PETER RODGERS  
Financial Editor

Raj Bagri, chairman of the London Metal Exchange, yesterday urged the government and the Securities and Investments Board not to give way to "jealousy motivated pressures from abroad" by clamping down on the market with tough new regulations that would drive business away.

During a strong defence of the LME's role in the Sumitomo copper scandal, which cost the Japanese company \$2.6bn (£1.7bn), Mr Bagri made a thinly veiled attack on Nymex, the New York commodity exchange, and on US regulators who have been demanding reforms of the way the LME is run.

The jealously motivated pressures to which he referred had come from "desperate competing exchanges or from other bodies who believe their way of doing things is the only way to do things."

Speaking at the LME's annual dinner, Mr Bagri said that "just to cite a couple of recent examples," the Daiwa Bank scandal went on for nearly 10 years under stringent US banking regulations and Metallgesellschaft, the German group, lost more than \$1bn trading oil on Nymex.

He added: "One would have thought that sinners would reflect before preaching the virtues of chastity."

A very significant part of the Sumitomo losses was incurred

not on the LME but in over the counter trading, with the involvement of banks, Mr Bagri said.

The losses were "at the very least perpetuated and exacerbated by bank financing, largely outside the UK, involving hundreds of millions of dollars."

This bank finance was used for unusual and complex derivatives contracts outside the LME's jurisdiction and control, added Mr Bagri.

British regulators at the SIB are conducting a review of the LME, though recent indications are that they are not planning to announce radical reforms of the way the market is controlled.

Mr Bagri said it was an intensive investigation by the

LME which eventually helped to flush out Yasuo Hamanaka, Sumitomo's errant chief copper trader, "from right under Sumitomo's nose, where he had been allegedly trading fraudulently, seemingly undetected, for more than a decade."

The affair was "yet one more example of the long and growing catalogue of failures by companies to exercise proper management control," said Mr Bagri.

The LME, for its part, would bring to book any firm or individual within its jurisdiction found to have broken its rules. When the Sumitomo scandal broke in the summer, Nymex made clear it thought the problem was due to lax control of the London market.

# Lucas Varity plans £200m disposals

MICHAEL HARRISON

Lucas Varity, the newly merged Anglo-American car components and aerospace group, is expected to unveil details of a restructuring plan involving the streamlining of senior management and the disposal of businesses with sales of about £200m within the next two months.

Analysts believe that high on the list as candidates for sale are Rists, the group's vehicle wiring business, and its battery joint venture in the UK with Yusa. Lucas's car brakes venture with Sumitomo in the US and Varity's US truck brakes and wheels subsidiary, Dayton Walther, may also be disposed of.

Sir Brian Pearce, chairman of Lucas Varity, played down the

impact on jobs, however. "Redundancies should not be significant and any changes will be relatively gradual. The two companies were very complementary, they fitted just like a jigsaw, so it will take a little time before then outside world sees any difference," he said.

Lucas Varity has already said that 30 of the top 150 managers will be surplus to requirements. The "transition team" assembled by chief executive Victor Rice to examine other areas of overlap and the overall structure of the group is now looking at the next tier of management.

The group also disclosed that it is poised to sign a contract to supply its new electronic brake actuation system to a European volume car manufacturer.

Investment, page 25

# Hyder group clinches largest road scheme

The Government has awarded its biggest-ever private sector road contract, worth £190m, to UK Highways, a consortium including Hyder, John Laing and Tarmac.

The deal will provide a shot in the arm to the Private Finance Initiative, which has so far failed to live up to government hopes. Tarmac says initial construction work will cost about £75m, while total project financing of £110m has been raised by way of equity. Midland Bank has provided a loan facility of £90m.

Under the contract, UK Highways will improve, operate and maintain 122 kilometres of the M40 motorway between Junction 1, in London, and Junction 15, near Warwick.

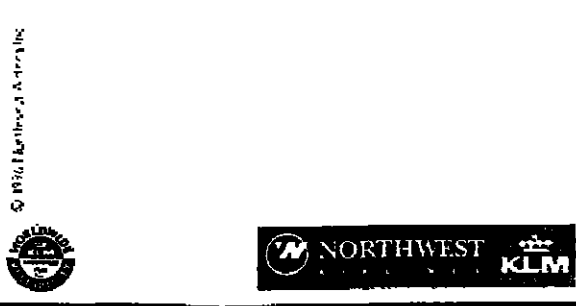
The work will take around 30 months, says Tarmac.

UK Highways shareholders include Hyder with 40 per cent, John Laing and Tarmac with 20 per cent each. Caisse des Depots et Consignations with 16 per cent and Transroute International with 4 per cent. Tarmac said the consortium would receive payment from the Government in the form of traffic-related "shadow" tolls, over a period of 30 years.

Tarmac Laing Joint Venture, a construction partnership, has been awarded the contract by UK Highways for the design, construction and commissioning of the M40 upgrade and initial maintenance work, with Hyder Consulting acting as infrastructure designers.



What's the connection between Milwaukee and Beer?





## market report / shares

## DATA BANK

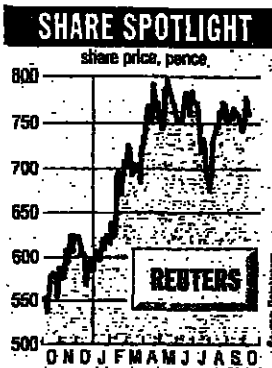
FTSE 100  
4035.6 +4.1

FTSE 250  
4435.3 -5.7

FTSE 350  
2006.1 +1.1

SEAQ VOLUME  
757.5m shares,  
45,516 bargains

Gifts Index  
94.90 -0.08



## Clarke's tax surprise knocks cash-rich utilities

## TAKING STOCK

MARKET REPORT  
PATRICK TOOHER

The last Tory Party conference before the election was always going to be good for a few market-moving stories.

What dealers had not anticipated was Chancellor of the Exchequer Ken Clarke's surprise announcement that tax credits on share buy-back and special dividend schemes will be abolished, a move that could swell the Treasury's coffers by £400m a year.

The news hit shares in cash-rich utilities and banks but the most immediate impact was felt at Reuters, where uncertainty over what it might do with its surplus cash pile pushed its shares down 20p to 757p, to bottom of the Footsie index.

Reuters has adjourned consideration of plans which were to be put to shareholders at today's extraordinary general meeting to pay a £613m special dividend. The scheme would have paid net dividends

totaling 750p per share over a period of three years. In addition, Reuters had proposed a capital consolidation reducing the number of shares by 5 per cent.

Thames Water fell 12.5p to 554p in sympathy, London Electricity weakened 24p to 605p, Yorkshire Electricity was off 19.5p to 749p, PowerGen declined 9p to 480.5p and BT dipped 2.5p to 356p.

The Chancellor's decision to withdraw tax credits initially pulled the Footsie below the 4000 level, but it later rallied to end 4.1 firmer at 4035.6 and record its fifth record closing high in six trading days. Volume was a healthy 758m shares.

Intimately, there was talk of institutions switching funds away from buy-back and special dividend candidates to high-yielding stocks. British Gas was the most obvious beneficiary, reversing a recent lousy run to close 3.5p higher

at 186.5p, making it the best performing blue chip of the day. Income funds were also said to be attracted to United Biscuits, whose shares topped the FTSE-250 list with a 13.5 gain to 216.5p, and Hillsdown, 7p better at 188p.

Partly-paid shares in Railtrack, another high-yielder, rose 3p to 287p after the company announced plans to speed an extra £150m on up-grading the decrepit intercity West Coast Mainline route out of London Euston.

The move will allow the successful bidder for the West Coast franchise to run tilting trains and dramatically reduce journey times to Birmingham.

Manchester, Liverpool and Glasgow from 2002. Railtrack's shares have come under selling pressure in recent sessions ahead of a report into the Watford rail crash which is due to be published later this week.

Shares in Blenheim kept 28.5p to 216.5p after NatWest mounted a "dawn raid" to pick up a 14.9 per cent stake in the exhibitions group at 500p for VNU, the Dutch publisher.

VNU said it had no plans to bid for Blenheim, which has been in and out of takeover talks for the last five months, though it would bid for the company if someone else made an offer. Rival Anglo-Dutch publisher Reed Elsevier and

Lord Hollick's United News & Media are also interested in Blenheim, while a fourth party, possibly US publishing and exhibitions group Ziff Davis, is said to be waiting in the wings.

Shares in Eurotunnel returned from suspension of a debt restructuring plan that gives the bank's at least 45.5 per cent of the company. Hopes that the shares would hit 130p - the price at which the first tranche of the bank's £4.7bn debt will be swapped into equity - proved too optimistic. After touching 124p, the shares fell back to close 10p lower at 115p.

Rolls-Royce fell 4p to 254p as Lehman Brothers downgraded the stock to underperform from outperform.

Analyst Guy Kekwick believes many investors have been drawn into aerospace stocks expecting far-reaching European

and global consolidation of the industry. Rolls-Royce has often been mentioned as a likely partner for Pratt & Whitney in the US, but the latter recently signed a co-operation deal with General Electric which could lead to even closer links. Lehman also thinks Rolls-Royce's diversification into power engineering has been largely unsuccessful and advises selling the shares to as low as 205p.

A buy recommendation in NatWest's monthly review of the pharmaceuticals sector was enough to lift British Biotech 4p to 202p.

Laura Ashley added 8p to 189.5p. The chintzy clothing and home furnishings group is bringing its distribution and logistics operations, based in Newtown in mid-Wales and previously run by Federal Express, under its direct control.

Shares in British Taxpayers Association Self Assessment began trading yesterday on Offer on a matched-bargain basis. Some 650,000 shares, or 35.1 per cent of the company, were issued at 18p, raising £100,000. Professional Enterprise Group, another Offer-quoted company, quickly picked up a 10.3 per cent stake. BTASA expects huge demand for tax preparation services with the advent of self-assessment next year. It aims to complete 15,000 self-assessment tax-returns for 1997, rising to 50,000 for 1999 when it should move into profit.

Dublin-based minerals exploration group Glencar dipped a penny to 55.5p. It has placed 12.6 million shares with institutional investors, mainly in London, at 17.5p. The placing, and a 2-for-1 open offer at the same price, raised £12m to increase its stake in the Wassa gold project in Ghana to 61 per cent.

## Share Price Data

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items. Other details: F Ex-Right x Ex-Dividend x Ex All x United Securities Market's Suspended x Partly Paid (pm) x Nil Paid Shares, x All Stock. Source: FT Information

## The Independent Index

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UK Company News	01	Bullion Report	05	Water Shares	38
UK Company News	02	Val St Report	20	Electricity Shares	40
Foreign Exchange	03	Tokyo Market	21	High Street Banks	41

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Call cost 20p per minute (cheap rate), and 40p at all other times. Call charges include VAT.

## Market leaders: Top 20 volumes

Stock	Vol	Stock	Vol	Stock	Vol	Stock	Vol
British Air	850000	Shell Transport	600000	General Elec	700000	Imperial Tobacco	600000
British Gas	800000	NatWest Bank	600000	BT Ind	700000	Lyons TSB	600000
BT	600000	British Airways	500000	British Airways	700000	BT	600000
British Steel	400000	BP	600000	Foreign & Co	1200000	Hanson	600000
		British Energy	700000	National Power	700000	ASDA Group	600000

## FTSE 100 index hour by hour

Open 4028.2 down 8.2	11.00 4028.8 down 4.7	14.00 4030.5 down 10
09.00 3968.5 down 33.2	12.00 4028.9 down 7.7	15.00 4029.0 down 0.5
10.00 4014.4 down 17.2	13.00 4029.7 down 6.8	Close 4035.6 up 4.1

High	Low	Stock	Price	Chg	Vol	High	Low	Stock	Price	Chg	Vol
186.5	186.5	United Biscuits	216.5	+13.5	10000	188.0	188.0	Hillsdown	188.0	+7.0	10000
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# Shake-up puts Thorntons into the red

NIGEL COPE

Thorntons, the family-controlled chocolate group, announced a £22m re-structuring yesterday that pushed the Derbyshire company £14m into the red and will see its focus shift from manufacturing to retailing.

The changes are part of a "root and branch" review conducted by chief executive Roger Paffard, who joined in January.

Ninety new shops will open in the next three years, taking the total to 359. Mr Paffard says that only 143 of Thorntons' current shops are the right size and in the right location. These will be refurbished while 126 others will close and 216 others will be opened on more suitable sites.

The expansion is expected to create 550 full-time equivalent jobs.

New retail formats are being tested. Café Thorntons fea-

tures a coffee bar at the front which sells pastries and ice-cream.

The "Sweet Factory" format includes a premium "pick 'n' mix" counter in addition to the usual Thorntons ranges. Three other new formats will also be tested.

"We're going too fast for it to be painless," Mr Paffard warned. "It is putting quite a bit of strain on the business and it may affect Christmas trading as so many of our staff will be new."

He said the re-structuring was necessary to address several years of under-performance, which had seen erratic profits and falling market share. He blamed dated store designs, a "manufacturer's mentality" and labour-intensive practices in the shops.

Staff have spent too much time either on administrative tasks or in product preparation such as "chopping up toffee", Mr Paffard said.

Thorntons has already announced the sale of its Belgian subsidiary, Gartner Pralines and is also withdrawing from France. As announced in June, its five manufacturing facilities will be consolidated into two with the loss of 143 jobs.

Of the £21.9m charges, £8m is to cover the cost of withdrawing from the continental subsidiaries, £10m for the retail re-structure and £3.4m for the rationalisation of the UK plants.

The company plans to increase capital expenditure from £7m to £17m a year for the next three years.

Pre-tax profits in the year to June were down sharply to £8m from £11m the previous year. Trading in the first quarter has been strong with like-for-like sales 19 per cent of the same period last year. Last year's sales were ravaged by the summer heatwave.

Thorntons shares jumped 11p to 178.5p.



Roger Paffard: Plans to focus on Thorntons' retail side and try out new shop formats

## Millennium buys London hotel for £81m

Millennium & Copthorne Hotels, which recently floated on the stock market, is boosting its presence in the booming London market by buying the 318-room Britannia in Mayfair from Inter-Continental Hotels for £81m cash.

The company, which is 55 per cent owned by CDI Hotels, a Hong Kong hotel management group, adds the Britannia to its London portfolio of luxury hotels that includes the Gloucester, Bailey's Hotel, The Chelsea Hotel and the Copthorne Tara.

The Britannia has been valued at £83m and made £5.3m operating profits in 1995. Funding for the purchase will be drawn from Millennium's own resources.

Millennium's shares rose 3p to close at 318.5p. Its shares have risen almost 15 per cent since they began trading on 25 April.

The company said it would

rebrand the Britannia as a Millennium property, denoting it a four-star deluxe hotel focused on the international business and leisure traveller.

After buying the Britannia, the company will own 16 hotels in Britain, three in France, two in Germany and three in New York - including a 42 per cent stake in the Plaza Hotel.

The company, which recently reported a 53 per cent increase in first-half pre-tax profits to £15.1m, said selective acquisitions were an important step in its growth strategy.

Peter Taylor, director of UK operations, said: "London, other than where we're located now, is obviously of interest. A tourist boom and a room shortage in the capital is fuelling demand. Occupancy rates this summer hit their highest levels in a decade at 82.5 per cent."

The company is also looking at other locations including Europe and North America.

### IN BRIEF

Wilson (Connolly) Holdings has agreed to sell 150 acres of land in Dunfermline for an undisclosed sum to the £2.4bn Hyundai microchip plant development, which will create 4,000 local jobs. The land is being acquired by Fife Enterprise, which is part of Scottish Enterprise, on behalf of Hyundai, the South Korean industrial group. Wilson said it also had more than 500 acres on the site which is identified in the Fife Structure Plan for the expansion of Dunfermline and comprises the major housing allocation for the next 20 years.

Trafficmaster reported a increase in half-year losses from £1.2m to £1.42m, but Sir James McKinnon, chairman, said considerable progress had been made towards meeting the company's objective of being a profitable and pre-eminent provider of traffic information. A deal has been struck with Vauxhall to integrate its Oracle voice-based traffic information product into the car manufacturer's Vectra range, which will be worth more than £3m in the first year. Vauxhall will be taking a minimum of 100,000 Oracle units. Deals are expected to be completed by the year-end which will see annual demand rise to 190,000-200,000.

More O'Ferrall, the outdoor advertising group, is buying SHF Communications, a New York-based bus shelter advertising company, for £4.5m in cash and shares. SHF, which had sales of \$2m (£1.28m) and made pre-tax profits of \$800,000 in 1995, will change its name to Adshel Inc.

James Smith Estates has exchanged contracts for the £7.6m purchase of a portfolio of 18 freehold retail properties, currently producing £686,000 net income a year, for £7.6m. Half of the properties, valued at £4.3m, will be held in the company's investment portfolio and are fully let to Abbey National, Boots, BSC (Footwear), Halifax Building Society and Robert Dyas. The remaining nine properties, valued at £3.3m, will be held as trading properties. All but one is fully let to tenants which include Boots, Burton's, H&M and AG Stanley.

Toy Options is buying World Wide Licences, the Hong Kong-based distributor of Disney and other licensed character LCD and analogue watches, for up to £6.45m. The company is also placing 1 million shares at 105p each.

Stoves shareholders were told at the annual general meeting that sales to date were well ahead of last year's difficult first quarter. However, Sean O'Connor, chairman, said the market for domestic appliances remained competitive.

Primary Health Properties is buying two doctors' surgeries in Chorleywood, Hertfordshire and in Droitwich, Worcestershire for a total £1.8m.

Internet Technology Group has been admitted to the Alternative Investment Market. Dealings in the shares of the Internet service provider are due to commence on Friday.

COMPANY RESULTS				
	Turnover £	Pre-tax £	EPS	Dividend
Brownbury Publishing (p)	4.40m (2.09m)	-4.41m (-4.29m)	-4.11p (-4.55p)	0.7p (0.88p)
Intermediate Capital (p)	-	11.1m (10.5m)	15.3p (14.9p)	4.8p (4.3p)
Westbury/Lucas Indus (p)	2.99m (2.80m)	190m (30.4m)	12.1p (3.8p)	-
Wendell United (p)	53.3m (50.6m)	15.4m (20.0m)	18.4p (23.4p)	5.2p (4.5p)
Merleco Motors (p)	11.2m (14.9m)	0.76m (0.22m)	1.7p (1.83p)	3.5p (3.75p)
Blackwood Mineral (p)	10.0m (8.47m)	0.66m (0.65m)	2.54p (4.06p)	1p (1p)
Raine (p)	447m (510m)	0.57m (-1.01m)	0.3p (1.64p)	nil (0.5p)
Williams Sausage (p)	45.5m (44.4m)	6.33m (4.73m)	20.3p (14.07p)	8p (7.9p)
St Ives (p)	229m (264m)	42.3m (35.5m)	28.74p (25.36p)	10p (9.5p)
Thorntons (p)	92.6m (95.7m)	-13.8m (10.5m)	-23.46p (10.38p)	5.3p (5.3p)
Trafficmaster (p)	1.34m (1.20m)	-1.42m (-1.13m)	-6.2p (5.1p)	-
Walker Group (p)	51.5m (45.0m)	4.39m (4.24m)	2.42p (2.51p)	1.3p (1.3p)

(p) - Profit (l) - Loss

## St Ives looks impressive in print

### THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

Quality was again the dominant theme in another year of record annual figures from St Ives, the printing group. Just weeks after rival Watmoughs saw its shares dive 10 per cent on news of lower profits and a warning of over-capacity in the industry, St Ives has been able to report a healthy 19 per cent rise in pre-tax profits to £42.3m for the year to August.

The figures were all the more impressive given the continuing problems the group is having with new presses at its Caerphilly works and the pause in the magazine market caused by volatile paper prices. Poor reliability and low productivity have dogged the Heidelberg Harris machines at Caerphilly for the past year or so, at a cost to the group of up to £1m, according to one analyst's guesstimate.

Meanwhile, profits in UK magazines, where St Ives is a leading player, suffered as a result of last autumn's sharp rise in paper prices. Although the group bears no direct risk from the increase in costs, its customers do and the higher prices prompted them to cut back pagination and delay the launch of some new titles.

But the outlook is now looking up on both fronts and elsewhere St Ives is firing on all cylinders. Book printing continues its solid growth, despite the collapse of the net book agreement. The multi-media business printing in-sets for CD-Roms and compact discs continues to grow at double-digit rates, while "overnight" printing of takeovers and other financial documents rode high on another bumper year for City bids and deals.

But the real growth for St Ives, facing a mature and oversupplied UK market for its traditional services, lies in direct response promotional printing and overseas. Growth in the UK market for direct mail at up to 9 per cent is several times that of St Ives' bread and butter business and it is continuing to win custom ranging from the Inland Revenue to BUPA.

This market has also been the focus for the group's recent acquisitions, with Jöhler Druck in Germany chipping in £2.7m for 11 months and the recent £22.6m purchase of Perimeter of Ohio due to contribute this year. Expenditure is likely to wipe out the group's cash pile by next August, but the group could still spend £40m and leave gearing at a comfortable 30 per cent or so.

Certainly the group may struggle to maintain recent rates of growth in the core business this year. Even so, the rise in high street sales means the general environment for St Ives's products is improving, particularly magazines, and it should be helped by the recent de-

cision by a major player to cut capacity. Henderson Crosthwaite expects profits to hit £47m, putting the shares on a forward p/e of 15. Fair value for such a conservatively managed group.

### Mature markets slow down Lucas

Lucas Industries' last set of results as a separate company helped demonstrate why it will have to reach top gear quickly to meet investor expectations in its new merged incarnation as LucasVario. Its main automotive and aerospace markets are mature, which means that sales growth is never likely to be spectacular. This is a problem for a business with classically high operational gearing.

Stripping out the contribution from Lake Center Industries, underlying sales in the automotive sector, the source of 80 per cent of the group's £3bn turnover last year, grew by just 5 per cent. Aerospace turnover grew by a healthier 8 per cent, helped by booming sales of the Rolls Trent 800

engine and the Airbus A319, both of which feature Lucas control systems. But the doubling in operating profits to £47m flattened to deceive, being a product largely of the restructuring provisions used to cover losses in the Geared Systems division.

The merger with Vario of the US will provide an immediate 20 per cent boost to earnings, as result of cost savings and tax benefits - Lucas alone has some £160m of accumulated tax losses and unused ACT. But investors are justified in wondering where the growth will come from after that, even with the aggressive figure of Victor Rice at the wheel. LucasVario lacks clear market dominance in any area.

Meanwhile, the restructuring to be unveiled in the next six weeks will be comparatively modest, involving the disposal or closure of businesses accounting for £200m of sales at best. LucasVario says that future earnings enhancement will lie in selling more sophisticated products with increased value-added content such as the new electronic brake actuation and power steering systems it is developing. But initially these will be small beer and,

in any case, both are products Lucas was developing long before Vario emerged on the scene.

The other growth area - developing countries such as India, Korea and China - will take time to bear fruit.

With a prospective p/e of 16 times for 1997, based on profits of £325m, falling to 13 in 1998, the shares might not look expensive but there are better bets elsewhere in the sector.

### United showing plenty of flair

Manchester United's performance on the stock market has all the flair of a Ryan Giggs shimmy. With television money pouring into the sport and football clubs becoming increasingly savvy about exploiting merchandising and other commercial opportunities, it is small wonder that United's shares have proved so strong. They have now risen almost sixfold since the company was floated in 1991 and edged 2p higher to 453.5p yesterday.

Yesterday's results for the year to July showed that the Old Trafford money making machine is still going strong, though last year's record off the pitch was not the club's best. Profits before transfer fees were flat at £16.7m - including signing fees they fell from £20m to £15m. The main reasons were the rebuilding of part of the Old Trafford stadium, which reduced spectator capacity, the absence of income from the European Champions League and the replacement of video and publishing sales with a royalty income. On the plus side there was a boost from the Euro 96 games staged at the ground.

This year the sales line should improve dramatically. The new stand is completed and the 55,000 capacity stadium is selling out regularly. United is in the Champions league this season, which should be worth at least £5m.

But with gate receipts now accounting for just 35 per cent of sales, it is television money that is increasingly important. The Premiership's lucrative new contract with BSkyB starts next season. There is also the possibility of a pay-per-view deal and cable TV programming. Chief executive Martin Edwards warned that capital expenditure costs would remain significant.

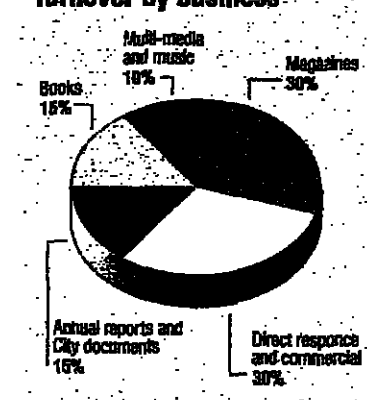
Wise Spoke is forecasting pre-transfer profits of £23m this year. After such a strong run there is an argument for taking some profits but the possibility of more TV deals makes the shares well worth holding.

### ST. IVES: AT A GLANCE

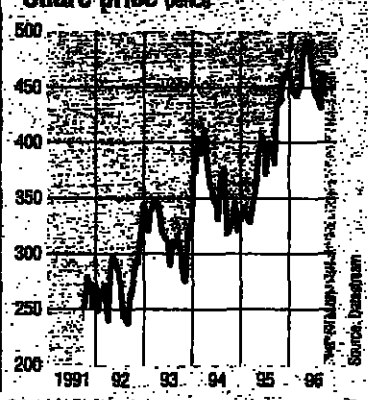
Market value: £464m, share price 402.5p

Five Year record	1992	1993	1994	1995	1996
Pre-tax profits (£m)	21.1	22.1	22.8	35.5	42.3
Dividends per share (pence)	5.25	5.50	6.40	6.50	10.0

### Turnover by business



### Share price



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## business

# A small ITV outpost attracts big names

MATHEW HORSMAN  
Media Editor

Why would some of Britain's top media companies want to buy a tiny ITV franchise in the South-west of England? The question is raised by the quite extraordinary response to the auction of Westcountry, licence holder in Devon and Cornwall, which has attracted at least four serious bids ranging from just under £40m to perhaps as much as £70m.

The answer, as usual, is complicated. Certainly the free ownership rules in the new Broadcasting Act are one reason. Further consolidation of the ITV sector is not only likely but was actually anticipated by the Government when it set the new liberal limits.

But for each of the bidders the rationale is slightly different. For HTV, licence holder in Wales and the West, Westcountry is attractive as a relatively cheap way of expanding its ITV empire. The Welsh company has put in a low-ball bid, pitched at less than £40m, which would allow it to add 2 percentage

points to its share of national advertising revenues and give it room to make cost savings by combining some operations.

There are at least three other serious bids on the table - from United News & Media, Carlton and CanWest, the Canadian broadcaster that failed to win the new Channel 5 terrestrial TV licence last year.

The two giant ITV companies have no great interest in Westcountry on its own. Carlton Communications, which owns the Central and London weekday franchises, has its eyes firmly on HTV, the bigger fish, which has been in the takeover frame for the better part of a year. Holding back Michael Green, Carlton's chief executive, has been the soaring stock price of HTV, now heading towards £4.

The same strategy is being pursued by United News & Media, with the added nuance that UNM is fighting a rear-guard action to protect the business of its sales house,

TSMS, which currently sells on behalf of both Westcountry and HTV, in addition to its own franchises, Anglia and Meridian. A bid by Carlton for HTV, and the loss of the (admittedly tiny) business represented by Westcountry, would combine to take significant market share away from TSMS.

The wild card bidder is believed to be CanWest, which has been desperate for a foothold in the UK broadcasting sector. Very successful in its home market of Canada, and increasingly preoccupied by its stake in the Ten Network in Australia, CanWest has been looking at the UK in earnest since the early 1990s.

At least one other bid was submitted last week, and it came from a surprising corner: GWR, the commercial radio company. But, after word leaked that the modest-sized company had been eyeing Westcountry, GWR's advisers were forced yesterday to deny any intention of proceeding with an offer. Despite a desire to expand out of radio, where GWR is already scraping the ceiling on the number of licences that can be held by a

single company, the prospect of paying over the odds for its first television company was enough to scupper the plans.

There is still a huge question mark, therefore, over the price Westcountry's owners are likely to get. Its backers, particularly Daily Mail & General Trust, are said to be looking at other television options, and are ready to sell out if the price is right. But some analysts suggest it is the cloudy profits outlook for the small company that is really behind the decision to sell.

Westcountry currently benefits from the small ITV companies subsidy and receives cash from Channel 4 under the controversial levy system. Together, the payments are equal to the company's total profits. There is an expectation that both sources of income could be phased out within three years, leaving Westcountry with an uncertain future.

In the end, it could be that Westcountry decides to go for a stock market flotation after all, eschewing what it probably feels are low-ball bids and too much negotiation through the press.

## Quest for the South-west

### THE TARGET

#### Westcountry

Owners: Daily Mail & General Trust, British Broadcasting Corporation  
West Water employees  
Business: ITV licence holder for the South-west of England  
Market capitalisation: private company  
Headquarters: Plymouth

### THE BIDDERS

#### HTV

Business: ITV licence holder for Wales and the West  
Market Capitalisation: £330m

#### Carlton Communications

Business: ITV licence holder for London (weekdays) and Central; also owns cable channel Carlton Select and film processing companies  
Market Capitalisation: £2.8bn

#### United News & Media

Business: ITV licence holder in the South (Meridian) and Anglia; also owns Express Newspapers  
Market Capitalisation: £3.1bn

#### CanWest (and partners)

Business: International broadcaster based in Winnipeg, Canada  
Market Capitalisation: C\$1.9bn (£1bn)

## Concern over Jersey law shift

PHILIP JEUNE

The role played by the accountants Price Waterhouse and Ernst & Young in the drafting of Jersey's controversial limited liability partnerships law is to be investigated by a committee of inquiry. Although the law was finally approved by the States of Jersey two weeks ago, the use of leading QCs to assist in its drafting - alleged to have cost the accountancy firms in excess of £1m - has raised serious concerns.

The law, the first of its kind in Europe, will enable large partnerships to protect their partners' personal assets from litigation. Price Waterhouse was responsible for setting the law drafting process in motion, suggesting through a letter from its lawyers to the island's finance authority that it would be keen to register as a limited liability partnership (LLP) in Jersey if suitable legislation was enacted.

The letter also intimated that Ernst & Young would also leave the City and re-register in Jersey, prompting the Deputy Prime Minister, Michael Heseltine, to try to persuade the big six accountancy firms to remain in London.

The committee of inquiry approved by the States of Jersey yesterday will also investigate the speed with which the law was drafted. It appears to have been "fast tracked", taking precedence over many other laws waiting to be drawn up.

This fast tracking led to allegations of sleaze being made against a senior politician, Reg Jeune, who is head of the committee responsible for the island's law drafting programme and a consultant to the legal firm that lobbied on behalf of Price Waterhouse.

The allegations, hotly denied and never substantiated, led to the expulsion from the States of Jersey of the young backbencher who made them. Stuart Syrett, but neither the allegations nor the expulsion is to be examined by the committee of inquiry, whose terms of reference restrict it to procedural matters.

Jersey's government does not yet have the legal power to set up an independent committee of inquiry - ironically the legislation that would allow this was one of the items overtaken by the LLP law. The committee will therefore comprise States members, a move that was strongly criticised yesterday.



Lord Sterling: Game for a laugh

## Chunnel Trouble set to make Lord Sterling's day

### PEOPLE & BUSINESS

Here's the perfect gift for Lord Sterling's Christmas stocking: a new game called "Chunnel Trouble".

The P&O chairman, whose ferries are locked in combat with Eurotunnel for cross-Channel business, will no doubt be delighted by the game, which consists of nine blocks and two railway lines.

The makers, Pentangle of Hampshire, say: "Players are told that the British and French railway workers have been asked to keep two trains simultaneously running through the Channel Tunnel link."

"Unfortunately, due to unforeseen maintenance problems, only one main line is available. By shunting the carriages of two trains in and out of the siding under the sea, can you help them avoid the loss of business to the ferry companies?"

The game is causing huge mirth at P&O, which is merging its cross-Channel ferry operations with its rival, Stena. The game retails at £9.99 and is in the Save the Children Christmas catalogue.

A spokesman for Lord Sterling, suspects there may be more to the game's maker than meets the eye: "It's not a subsidiary of Eurotunnel in a desperate attempt to get down its interest burden, is it?"

No, it isn't. Ron Cook, who founded Pentangle in the village of Over Wallop near Andover 25 years ago, says Chunnel Trouble is an adaptation of a game which was invented in 1973.

"We initially tried to interest both the ferry people and the shuttle company in Chunnel Trouble." Sadly they were not interested.

"Funny, that," comments a Eurotunnel spokesperson acidly.

When went, in came Gent. Vodafone has promoted Chris Gent as chief executive in place of Sir Gerald Whent, who is to retire at the end of the year. From 1 January 1997, Mr

Whent will become a non-executive director and deputy chairman.

Sir Ernest Harrison, chairman of Vodafone, says: "Gerry Whent is now 69 and has been chief executive since the company was formed 13 years ago.... His performance has been magnificent." A Vodafone spokesman went further, describing him as "the Godfather of the industry".

Mr Whent will now have more time to help his wife Sarah, who breeds race horses. Several weeks ago he sold some Vodafone options to buy more land for the gee-gees.

Sibling rivalry is alive and well at BZW. Last week Keith Jenkins was recruited from Morgan Stanley as a director and head of BZW's yen trading in London. Yesterday Keith's brother Gary Jenkins, who joined BZW 11 years ago, was promoted to be head of European

credit research in the bank's fixed income division.

Apparently Gary, who coached cricket for the MCC at Lords before he entered the City in 1983, told a BZW press spokesperson: "You sent out a press release about Rory, so you can send one out about me."

Now the race is on for the biggest Christmas bonus.

"Crook is new ML Holdings chief." That's how the ICV company news service chose to convey the appointment yesterday of Derek Crook as chief operating officer for the ML engineering group.

The chairman of ML, Tim Sallitt, says that Mr Crook will replace Howard Grant, who is retiring.

Mr Sallitt explains: "The shift in ML's business interests from aerospace engineering to electronic component distribution means that Mr Crook, who has for some years been the director responsible for the group's ECD companies, is ideally suited to take the group for-

ward through the next stage of its development."

Perhaps it is no surprise that Rowland Gee, the ebullient managing director of Moss Bros, has been so successful at opening up new clothes stores. Mr Gee learnt his trade at father Cecil Gee's Shaftesbury Avenue shop in the Sixties, where stars like Sir Cliff Richard and Adam Faith would drop in for a cappuccino at the store's coffee bar while they waited to collect their "fab gear".

Then Mr Gee junior was packed off the Paris to learn the fashion trade proper. He still gets a kick from opening new stores, says a spokesman, as could be seen a week ago at the new Manchester branch of Hugo Boss. It's not all glamour, though. Mr Gee has sensibly stuck to a cheap head office above Clapham Junction railway station. I wonder if it's got a cappuccino bar?

John Willcock

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## SPORT

WORLD TITLE DECIDER

Why heart will rule Head 28

CAPTAIN COLLINS

Scotland's inspiration

30

WORLD CUP FOOTBALL: Coach warns against any complacency at Wembley even though Poland appear to be in disarray

## Gascoigne poised to banish demons

Hoddle has the luxury of choice

GLENN MOORE

Football Correspondent

Send in the clowns? No, just the comic genius himself. That means Paul Gascoigne rather than David Baddiel or Frank Skinner, who will be preceding him on to the Wembley turf tonight.

Gascoigne, now fit and as full of desire as ever, remains the central figure in England's football more than six years after he rose to prominence in Italy. Tonight, against England's one-time nemesis Poland, he can steer his country past the second hurdle on the way to France and the 1998 World Cup.

Poland are riven by feuds, low in confidence and thin in quality. England should win with ease. Even Glenn Hoddle, seeking like all England managers, to build up the opposition, could only say of them that they were "difficult to beat".

But England should not be complacent. Though few of the players are old enough to remember clearly the "clown" as Brian Clough christened Jan Tomaszewski, all will be aware of the Polish goalkeeper whose Wembley performance denied England a World Cup place 23 years ago.

Hoddle himself was an apprentice at Tottenham then, just 10 days short of his 16th birthday. As he walks out for his first Wembley match as the England coach tonight, he may prefer to recall another match, surprisingly the only one he played against Poland, 13 years later. On a hot afternoon in Monterrey, England won 3-0 to revive their Mexico World Cup campaign.

His counterpart tonight has less happy memories of that day. Antoni Piechniczek was the manager of Poland then and he has only recently regained the job. He inherited a team which is a pale shadow of the side he steered to third in the 1982 World Cup. The heirs to Zbigniew Boniek, Grzegorz Lato and Wladyslaw Zmuda are few and far between.

The leading pretender to their crown, Borussia Mönchengladbach's Andrzej Juskowiak, refuses to play. The goalkeepers, while not clowns, are engaged in a black comedy of their own. Both Andrzej Wozniak, Victor Baia's successor at Porto, and Maciej Szczesny insist that, if they are not the chosen as No 1, they will refuse to play again.

However, as he prepares to exchange pennants, Alan Shearer may recall last season's Champions' League. His Blackburn side were beaten and held at home by Legia Warsaw, while Krzysztof Warzycha scored the Panathinaikos goal that beat Ajax in the first leg of the semi-final.

The identity of Shearer's partner will be the main source of interest when Glenn Hoddle names his team shortly before kick-off. That, and his reaction to Steve McManaman's return from injury.

Hoddle has a rare luxury, for an England coach, of being able to name an unchanged team if he wants. Yet, although England played well enough in Moldova, he is unlikely to do so. While Nick Barmby may retain his place as Shearer's partner, McManaman must be incorporated somewhere. The problem is that the midfield trio of

Gascoigne, Paul Ince and David Beckham looked good in Chisinau. The first two places are inviolate, while Beckham's promise promotes his retention.

There are several other options. Hoddle has been wondering aloud about changing his previously gospel 3-5-2 formation. If so, he could withdraw Gary Neville to right-back, play either Stuart Pearce or Andy Hinchcliffe at left-back, (dropping the other) and let McManaman roam the flanks. He could stick with a three and simply replace Hinchcliffe with McManaman. Or he could use Neville in a three, drop Pearce and let McManaman play on the right.

Then there is Matt Le Tissier. Will he play? If so where? Midfield, rather than second striker seems his role - Beckham stands in the way.

With Beckham still returning to fitness Barmby - a "clever player" said Hoddle - may see off Les Ferdinand although, as the Newcastle partnership develops, Ferdinand's case for inclusion will surely be strengthened.

Hoddle will be having a quiet word before the game about discipline. The bookings are going to add up, as Scotland - without Gary McAllister in Estonia tonight - and Wales, who missed Ryan Giggs through suspension on Saturday and lose Mark Hughes next month, have already found. England had Pearce and Ince cautioned in Moldova, and Hoddle said: "Bookings



Lionhearts: Paul Gascoigne (left) and Steve McManaman stretch out during England training at Bisham Abbey in preparation for tonight's World Cup qualifier at Wembley against Poland

are inevitable but we have to look at where they are incurred - there is no threat on the half-way line.

The changes have been made for the right reasons. At times referees can go a bit overboard, a bit of common sense is required, but players and managers have to look at

themselves as well as referees."

England are more likely to be on the receiving end of tackles tonight. "They are a very disciplined, hard side," Hoddle said. "They look to hit people on the break. A point will be a good result for them."

"If there is frustration, the players will have to deal with

it. You want the supporters with you but there comes a time in a game when, if it isn't going well, you have to be strong enough to switch off [from the crowd]. You have to cocoon yourself and keep focused on the things that will get you the result."

It may take time but, in

front of a lively full house, England should get that result, with Gascoigne the most likely provider.

Poland (assistants: 1-3-5-2): Wozniak (Porto, For); Zielinski (Legia Warsaw); Wozniak (GKS Katowice); Juskowiak (Gungahra, Fr); Wozniak (Widzew Lodz); Wozniak (Widzew Lodz); Szczesny (FC Tyrol, Aut); Wozniak (Widzew Lodz); Wozniak (Widzew Lodz); Wozniak (Widzew Lodz); Wozniak (Widzew Lodz).

Poland rely on spirit, page 30

Young son helps Ince to grow up

Glenn Moore on the transformation of one of England's headless chickens

To rework a dated cliché, it increasingly appears that behind every successfully maturing footballer is a gurgling baby. Regan Gascoigne is the latest catalyst, but before him there was Thomas Ince.

Thomas is now well past the nappy-changing stage; he is four years old but he remains one of the reasons why his father, Paul, has changed from being an argumentative "headless chicken" to a more thoughtfully combative force.

The other factor is *la dolce vita*. A possibly reluctant émigré, Ince has warmed to life by the banks of Lake Como. Off the pitch he has become interested in Italian wine (though, only, like the locals, in moderation), on it he has learned to temper his aggression with patience.

Having been one of the dominant figures in England's Euro 96 campaign, Ince prepares for tonight's World Cup qualifying match with Poland at Wembley as one of the few players sure of a regular place. Like Terry Venables before him, Glenn Hoddle is a fan.

"I think he has learned to appreciate when to tackle and when to stand off, the higher he has gone," the England coach said. "From stepping into European football with Manchester United, and now playing regularly at club and international level he has realised that some of the things he could do defensively in the Premiership you cannot do at this level."

Hoddle was referring to Ince's old habit of stretching for the 40-60 loose ball with studs showing. In the maelstrom of English football that was fine, in Europe, to quote Hoddle again, "they played the ball around him". And when Ince did catch them he was usually penalised or cautioned by referees unaccustomed to a more physical game.

Ince thus took a while to settle, and had it not been for the arrival of Roy Hodgson at Internazionale he may have come home. Now he is a convert. He talks enthusiastically of the Italian way of warming up and warming down, even of the *roday* incarceration before matches.

"I didn't really want to go but it's the best move I've ever made," he said after training at Bisham Abbey. "I've not stopped learning. When I was young I was a bit of a hot-head, stupid sometimes. But since I've had a family, it's settled me down."

"It's not easy the way I play, always in the thick of things. There's always little niggly things going on, but the older you get, the more you learn to take it. I feel more in control. I haven't noticed the changes in my game that much, but people who watch me from the stands have been able to spot them."

What they have seen is a player who knows when to make his run, who can pass the ball simply and accurately, and who usually bides his time before striking a foot in.

"There are still aberrations, but he was nobelously booked in Moldova, but he is improving all the time. The once over-the-hill player is now rare, but he has lost that edge to his game."

"I will always be the player am," he said. "I like to run about and set the pattern of the game to make that first tackle."

It was his and others' running about in England's last match against Poland that led Graham Taylor to infamously describe the team as being "headless chickens". The reputation runs deep, once might have provoked a snarl. "We've come a long way since then," he said.



Ince: 'I was a bit of a hot-head, but having a family has settled me down'

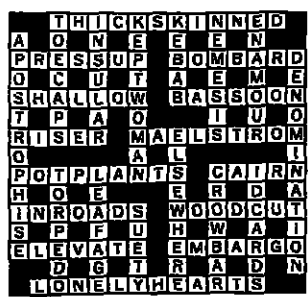
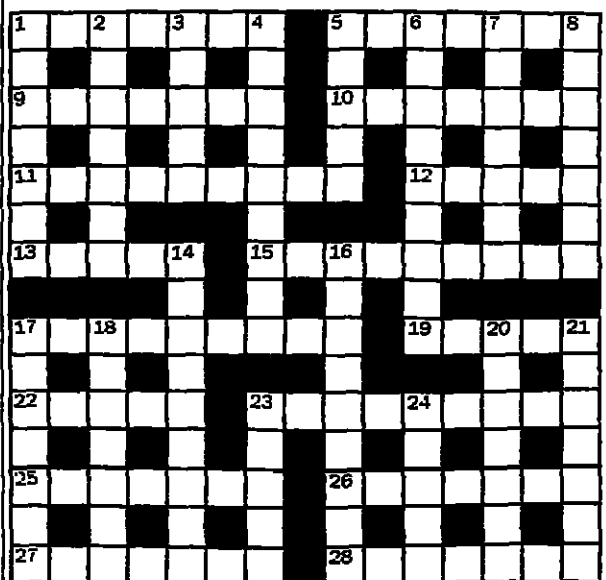
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## THE INDEPENDENT CROSSWORD

No 3113, Wednesday 9 October

By Aquilla

Tuesday's Solution



- ACROSS**
- 1 Picnicker's first and second course (7)
  - 5 Painter discovered as times change (7)
  - 9 He is a colourless one! (7)
  - 10 Order amphibious soldier to drop nothing (7)
  - 11 Humidity mists one's mobile (9)
  - 12 Behold custom of contemptible person (5)
  - 13 Scottish pair no good with local intonation (5)
  - 15 Bermuda St. prepared for battles (9)
  - 17 Hide outside, say medical people (9)
  - 19 Understanding key file? (5)
  - 21 T. Bruce, marbles champion (5)

- 23 Appalling fellow due? (9)
- 25 State of zoo failing to close in a rain-storm (7)
- 26 Variety of green sheep (7)
- 27 Vegetables stick up in grounds (7)
- 28 Leading light put in front for Venus? (7)
- 1 Pep - term that may become appropriate (7)
- 2 Source of All cream crackers? (7)
- 3 Lifting article over foot (5)
- 4 Where some Dutch are keeping aquatic creature - between river and embankment (9)
- 5 Shows contempt for practice examinations (5)
- 6 But it is not the cause of falling-sickness! (6-3)

- 7 St. Paul a playing instrument that is flat (7)
- 8 Infinite ambition lacking (7)
- 14 Cast off here? (9)
- 16 Sun coming out finished off cowboy (9)
- 17 What is in orbit? Look round! (7)
- 18 Popular condition of turf for entering? (7)
- 20 Offend the dignity of a female on esplanade (7)
- 21 Beer served with pressure on liners, perhaps (7)
- 23 Standard on Sunday declines (5)
- 24 Four inches over a yard is close (5)

## Vogts wants end to Bundesliga break

Berti Vogts, who is facing a World Cup qualifier in Armenia without seven key players, yesterday called for the Bundesliga to scrap its two-month winter break.

"Since we've had the winter break we've had injury problems because we force the players to play every three or four days," the German coach said in Yerevan on the eve of today's match, the first in Germany's campaign.

"The fact is, the players get less and less time to regenerate," he said. "That makes them more vulnerable to injury. We are the only major soccer federation that takes two breaks."

Vogts' predecessor as coach, the Bayern Munich president, Franz Beckenbauer, supported Vogts. "We just can't afford to have five months off altogether, and get the players fit from scratch twice over," he said.

Germany's league programme is fairly compact compared to other major European leagues. An 18-team First Division means a programme of just 34 league matches, coupled with a much less arduous Cup schedule than in, say, England. For this reason many of Germany's league clubs have also begun to think the break from mid-December to mid-February, introduced in 1986-87, is counter-productive.

Among the most vociferous are those who have to play in European competitions at a time when the players may not have seen league action for several weeks.

The Blackburn Rovers defender Henning Berg has flown out for World Cup duty just hours after becoming the father of a baby son. Berg joins the Norwegian squad in time for today's European Group Three qualifier against Hungary after shaking off the effects of a virus infection.

Berg, who missed Blackburn's last Premiership game at Coventry, should be back in the running for this Saturday's home match with Arsenal.

Manchester United's Czech Republic player, Karel Poborsky, has admitted the Euro 96 finalists cannot afford to lose tonight's qualifying game with Spain in Prague.

Both sides opened their European Group Six campaigns last month with high-scoring victories over the two weakest teams in the group, with Spain beating the Faroe Islands 6-2 and the Republic thrashing Malta 6-0.

However, Yugoslavia have already collected three wins and Slovakia two against the same teams, putting pressure on both the Czechs and Spain to pull off a result.

Poborsky, signed by Alex Ferguson from Slavia Prague for

£3.6m following his sparkling performances during the summer for the Czechs, said: "Spain are explosive and technically very sound. This game's made all the more important because a loss will make it a difficult trip for either side."

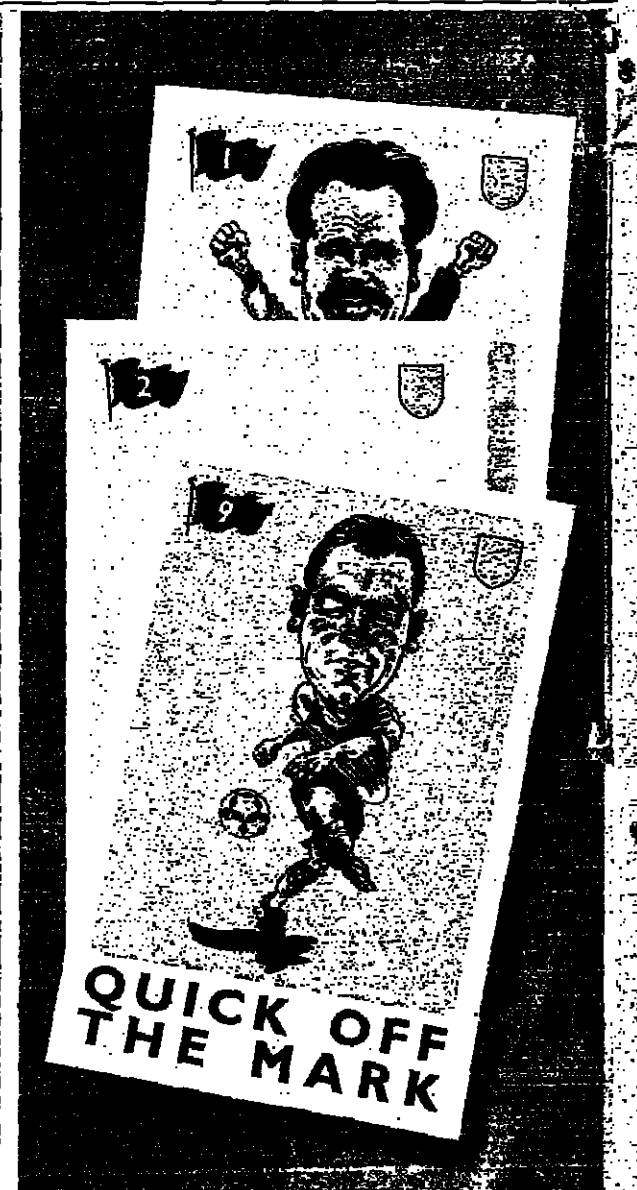
However, Liverpool's informant striker Patrik Berger believes the Czechs have nothing to fear. He said: "Spain is obviously a strong team but we showed in London that we can play anybody."

The Czech Republic coach, Dusan Uhrin, has named 16 of the 19-strong squad which came to a surprise in June, while Spain's manager, Javier Clemente, has finally decided to hand a debut to teenage striking sensation Raul Gonzalez in a bid to add much-needed firepower.

The 19-year-old, who scored twice against the Czechs in the quarter-finals of last season's European Under-21 competition, is Real Madrid's top scorer despite being moved into a supporting role by the new coach, Fabio Capello.

Clemente, who has dropped veteran forward Julio Salinas while Kiko Narvaez is injured, admitted: "There are some players absent, so it's the right moment to pick Raul."

Jose Luis Caminero is fit and is expected to be given the role of playmaker in the starting line-up.



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